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LEGISLATIVE HISTORY

Nov. 7, 1960	Sen. Robert F. Kennedy introduced H. R. 10595 which was referred to the Senate Small Business Committee as H. R. 10595.
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TABLE OF CONTENTS

Index and summary of H. R. 10595	1
Digest of Public Law 87-548	2

INDEX AND SUMMARY OF H. R. 10595

Mar.	7, 1962	Rep. Rutherford introduced H. R. 10595 which was referred to the House Armed Services Committee. Print of bill as introduced.
Mar.	8, 1962	Sen. Hayden and others introduced S. 2952 which was referred to the Senate Agriculture and Forestry Committee. Print of bill as introduced.
May	15, 1962	House committee reported H. R. 10595 with amendments. H. Report No. 1680. Print of bill and report.
May	21, 1962	House passed H. R. 10595 as reported.
May	22, 1962	H. R. 10595 was referred to the Senate Agriculture and Forestry Committee. Print of bill as referred.
July	12, 1962	Senate committee reported H. R. 10595 without amendment. S. Report No. 1721. Print of bill and report.
July	13, 1962	Senate passed H. R. 10595 without amendment.
July	25, 1962	Approved: Public Law 87-218.

DIGEST OF PUBLIC LAW 87-548

SALE OF GOVERNMENT STOCKS OF EXTRA LONG STAPLE COTTON. Provides that all extra staple cotton in the strategic stockpile shall be transferred or made available to the Commodity Credit Corporation for disposition. Domestically-grown cotton in the stockpile shall be sold only for unrestricted use at not less than the prices at which CCC may sell its stocks. Foreign-grown cotton in the stockpile shall be sold only for export at not less than the world price. Foreign-grown cotton may be disposed of under Public Law 480. The domestic cotton, while held by CCC, and the foreign cotton, at all times, are excluded in making determinations with respect to national marketing quotas.

H. R. 10595

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 1962

Mr. RUTHERFORD introduced the following bill; which was referred to the Committee on Armed Services

A BILL

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, notwithstanding any other provision of law, all extra
4 long staple cotton remaining in the stockpile established
5 pursuant to the Strategic and Critical Materials Stock Piling
6 Act, as amended (50 U.S.C. 98), shall be withdrawn and
7 transferred or made available to the Commodity Credit
8 Corporation for disposition as provided herein. The domes-
9 tically grown cotton in the stockpile shall be transferred to
10 the Commodity Credit Corporation and shall be sold only for
11 unrestricted use at not less than the prices at which the

1 Commodity Credit Corporation may sell its stocks under the
2 minimum pricing provisions of section 407 of the Agricul-
3 tural Act of 1949, as amended. Such domestically grown
4 cotton shall be excluded in making any determination with
5 respect to national marketing quotas under the Agricultural
6 Adjustment Act of 1938, as amended, until after it is sold
7 by Commodity Credit Corporation. The foreign grown cot-
8 ton in the stockpile shall be made available to the Commodity
9 Credit Corporation in lots as requested. Any foreign-grown
10 cotton transferred hereunder to the Commodity Credit Cor-
11 poration shall be sold or disposed of only for export. Such
12 foreign-grown cotton shall be excluded in making any deter-
13 mination with respect to national marketing quotas under the
14 Agricultural Adjustment Act of 1938, as amended, and shall
15 be considered as domestically grown surplus cotton for pur-
16 poses of sale or disposal under the provisions of the Agricul-
17 tural Trade Development and Assistance Act of 1954, as
18 amended, and shall be eligible for sale or disposal thereunder
19 in accordance with the provisions of this Act.

20 Proceeds from such sales and dispositions, less costs in-
21 curred by Commodity Credit Corporation, including adminis-
22 trative expense, as determined by the Secretary of Agricul-
23 ture, shall be covered into the Treasury of the United States
24 as miscellaneous receipts.

A BILL

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

By Mr. RUTHERFORD

MARCH 7, 1962

Referred to the Committee on Armed Services

S. 2955

IN THE SENATE OF THE UNITED STATES

MARCH 8, 1962

Mr. HAYDEN (for himself, Mr. GOLDWATER, Mr. CHAVEZ, Mr. ANDERSON, Mr. YARBOROUGH, and Mr. TOWER) introduced the following bill; which was read twice and referred to the Committee on Agriculture and Forestry

A BILL

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, notwithstanding any other provision of law, all extra
4 long staple cotton remaining in the stockpile established
5 pursuant to the Strategic and Critical Materials Stock Piling
6 Act, as amended (50 U.S.C. 98), shall be withdrawn and
7 transferred or made available to the Commodity Credit Cor-
8 poration for disposition as provided herein. The domes-
9 tically grown cotton in the stockpile shall be transferred to
10 the Commodity Credit Corporation and shall be sold only
11 for unrestricted use at not less than the prices at which the

1 Commodity Credit Corporation may sell its stocks under the
2 minimum pricing provisions of section 407 of the Agricul-
3 tural Act of 1949, as amended. Such domestically grown
4 cotton shall be excluded in making any determination with
5 respect to national marketing quotas under the Agricultural
6 Adjustment Act of 1938, as amended, until after it is sold by
7 Commodity Credit Corporation. The foreign grown cotton
8 in the stockpile shall be made available to the Commodity
9 Credit Corporation in lots as requested. Any foreign grown
10 cotton transferred hereunder to the Commodity Credit Cor-
11 poration shall be sold or disposed of only for export. Such
12 foreign grown cotton shall be excluded in making any deter-
13 mination with respect to national marketing quotas under
14 the Agricultural Adjustment Act of 1938, as amended, and
15 shall be considered as domestically grown surplus cotton for
16 purposes of sale or disposal under the provisions of the Agri-
17 cultural Trade Development and Assistance Act of 1954, as
18 amended, and shall be eligible for sale or disposal thereunder
19 in accordance with the provisions of this Act.

20 Proceeds from such sales and dispositions, less costs in-
21 curred by Commodity Credit Corporation, including adminis-
22 trative expense, as determined by the Secretary of Agricul-
23 ture, shall be covered into the Treasury of the United States
24 as miscellaneous receipts.

A BILL

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

By Mr. HAYDEN, Mr. GOLDWATER, Mr. CHAVEZ,
Mr. ANDERSON, Mr. YARBOROUGH, and Mr.
TOWER.

MARCH 8, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

Digest 5/22/62

U. S. DEPARTMENT OF AGRICULTURE
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[No. 52]

**SUBCOMMITTEE NO. 2 CONSIDERATION OF H.R. 10296, H.R. 10403,
H.R. 10427, H.R. 10428, H.R. 10595, TO FACILITATE THE SALE
AND DISPOSAL OF GOVERNMENT STOCKS OF EXTRA LONG
STAPLE COTTON**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE No. 2,
Washington, D.C., Wednesday, May 2, 1962.

The subcommittee met at 10 a.m., Hon. Philip J. Philbin, chairman of the subcommittee, presiding.

Mr. PHILBIN. The committee will come to order.

We are meeting this morning to consider a proposal to facilitate the sale and disposal of Government stocks of extra-long-staple cotton. Five identical bills have been introduced on the subject by our colleagues—Mr. Rhodes of Arizona, Mr. Udall, Mr. Montoya, Mr. Morris, and Mr. Rutherford, of our committee.

The bills are H.R. 10296, H.R. 10403, H.R. 10427, H.R. 10428, and H.R. 10595.

(The bills referred to are as follows:)

[H.R. 10296, 87th Cong., 2d sess.]

A BILL To facilitate the sale and disposal of Government stocks of extra long staple cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

(5091)

[H.R. 10403, 87th Cong., 2d sess.]

A BILL To facilitate the sale and disposal of Government stocks of extra long staple cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

[H.R. 10427, 87th Cong., 2d sess.]

A BILL To facilitate the sale and disposal of Government stocks of extra long staple cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

[H.R. 10428, 87th Cong., 2d sess.]

A BILL To facilitate the sale and disposal of Government stocks of extra long staple cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

[H.R. 10595, 87th Cong., 2d sess.]

A BILL To facilitate the sale and disposal of Government stocks of extra long staple cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign-grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign-grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign-grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

CONCURRENT RESOLUTION

Resolved by the House of Representatives (the Senate concurring), That the Congress expressly approve, pursuant to section 3(e) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(e)), the disposal of the following materials from the national stockpile in accordance with the plans of disposition published by General Services Administration in the Federal Register:

(a) Approximately four hundred and forty thousand two hundred and forty-six pounds of silk noils (25 F.R. 8114, August 24, 1960; 27 F.R. 3643, April 17, 1962);

(b) Approximately ninety-six short tons of 91 per centum nickel in ingot form, approximately four short tons of sintered nickel powder in the form of "cups", and approximately nine short tons of cobalt in rondelle form averaging 97.9 per centum cobalt (26 F.R. 764, January 25, 1961);

(c) Cordage fiber consisting of approximately seven million five hundred thousand pounds of abaca fiber and approximately ten million pounds of sisal fiber (26 F.R. 803, January 26, 1961);

(d) Approximately three thousand five hundred long tons of vegetable tannins (quebracho, chestnut, and wattle extracts) (26 F.R. 2211, March 15, 1961);

(e) Approximately twenty-eight thousand eight hundred and sixteen short tons of celestite (26 F.R. 2239, March 16, 1961);

(f) Approximately four thousand four hundred and seventy-one troy ounces of platinum scrap and a quantity of nonferrous scrap consisting of approximately five hundred and twenty short tons of brass, seventy-four short tons of silicon bronze and copper, eleven short tons of beryllium copper, and one hundred and six short tons of zinc foil (26 F.R. 6490, July 19, 1961);

(g) Approximately fifty thousand long tons of pig tin (26 F.R. 8425, September 7, 1961);

(h) Approximately one hundred and fifty-five million six hundred and seventy-six thousand pounds of castor oil (26 F.R. 8577, September 13, 1961);

(i) Approximately two hundred sixty-five thousand pounds of cobalt oxides, and approximately five thousand five hundred pounds of cobalt carbonates (26 F.R. 9059, September 26, 1961);

(j) Approximately one thousand eight hundred and ninety long tons of chromite ore (26 F.R. 9793, October 18, 1961);

(k) Approximately sixty-five thousand four hundred and forty-seven pounds (gross weight) of ferrovanadium (26 F.R. 10196, October 31, 1961);

(l) Approximately sixty-three short tons of ferromanganese, and approximately four and one-half short tons of electrolytic manganese metal (26 F.R. 11508, December 5, 1961);

(m) Approximately ten million pounds of contained nickel and cobalt in the form of nickel oxide powder (27 F.R. 2260, March 8, 1962);

(n) Approximately five million pounds of molybdenum (27 F.R. 4005, April 26, 1962).

SEC. 2. All funds derived from the sales authorized by this concurrent resolution shall be deposited into the Treasury as miscellaneous receipts.

Mr. PHILBIN. Under each of these proposals all long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act will be transferred to the Commodity Credit Corporation, and this Corporation in turn will be authorized to dispose of the cotton.

In 1957 the Office of Defense Mobilization, the agency responsible for stockpile policy, determined that extra-long-staple cotton was no longer needed as a stockpile material.

In that year, Congress enacted a bill, Public Law 85-96, authorizing the disposal of 50,000 bales from the stockpile. Most of that quantity has now been sold, and we now are considering disposal of the remaining 219,000 bales from stockpile inventories.

The domestically grown cotton which is to be transferred to the Commodity Credit Corporation shall be sold only for unrestricted use at not less than the price which the Commodity Credit Corporation may sell its stocks under the Agricultural Act of 1949 and such cotton shall be excluded in making any determination with respect to na-

tional marketing quotas under that act until after it is sold by the Corporation. The foreign-grown cotton can only be sold or disposed of for export.

At present there is a shortage of extra-long-staple cotton throughout the world, and at the same time there is no further need to stockpile long-staple cotton. As a matter of fact, the Government removed long-staple cotton from the strategic list back in 1957.

There appears to be no opposition to the disposal of this cotton and a favorable report concerning the proposed disposal has been received from the Office of Emergency Planning, recommending the enactment of the proposal with some minor amendments.

When we complete the hearings on this legislative proposal, we will then take up House Concurrent Resolution 473, which expresses the approval of the Congress to dispose of certain materials now in the stockpile which are considered in excess of mobilization requirements.

These items include silk noils, nickel, cobalt, abaca fiber, sisal fiber, vegetable tannins, celestite, platinum scrap, brass, silicon bronze and copper, beryllium copper, zinc foil, pig tin, castor oil, cobalt oxides, cobalt carbonates, chromite ore, ferrovandium, ferromanganese, electrolytic manganese metal, nickel oxide powder, and molybdenum.

The Strategic and Critical Stock Piling Act authorizes the disposal of materials no longer needed because of revised determinations, but it also provides that—

no such disposition shall be made until six months after the publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Armed Services Committees of each house thereof.

In addition, the law provides that no material constituting a part of the stockpile may be disposed of without the express approval of the Congress, except where the revised determination is by reason of obsolescence of that material for use in time of war.

The items contained in this resolution are not obsolete, but they are in excess of present requirements, and therefore the Government desires to dispose of them.

Each of the items has been advertised in the Federal Register and the method for disposal of each of the items will be explained by the witnesses.

In this connection, I might add that most of the items in the resolution are noncontroversial in every sense of the word. However, I call your particular attention to item (g) which authorizes the disposition of approximately 50,000 long tons of pig tin. It is proposed to dispose of the tin in small lots over several years, but 10,000 long tons of pig tin will be made available for disposition in small lots as soon as possible after the resolution has been approved.

In that connection, I might mention that the maximum objective for pig tin in our stockpile is 185,000 long tons.

There is now 349,498 long tons of pig tin in the stockpile, leaving a surplus of 164,498 long tons.

The resolution contemplates the sale of 50,000 long tons, with an acquisition cost of \$121,576,000.

I might also mention that the price of tin has fluctuated between 1958 and early 1961 from 86½ cents a pound to \$1.04 a pound. Then

in the latter part of 1961, the price of tin advanced to about \$1.21 per pound.

Thus it would appear that now would be a most advantageous time for the Government to dispose of a portion of the excess tin in our stockpile. In that connection, I should point out that the law states that—

the plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

We have before us Mr. Belsley, representing the Director of the Office of Emergency Planning, who will present the administration's position on the long-staple cotton. In this connection, the chairman of our committee received on April 3 a letter from Mr. McDermott, proposing four amendments dealing with the administration of the disposal plan and endorsing and urging the passage of this legislation with these four amendments.

We have present here this morning our esteemed and distinguished colleague, Mr. Rutherford. I would call him as the first witness, so he may present his valued views to the committee.

Will you proceed in your own manner regarding the subject matter before hearing?

Mr. RUTHERFORD. Thank you, Mr. Chairman.

I am J. T. Rutherford, from the 16th District of Texas. At the request of the farmers in my district who produce extra-long-staple cotton, I was pleased to introduce H.R. 10595, which provides for the release of that kind of cotton from the strategic and critical materials stockpile.

I might state here the extra-long-staple cotton we refer to is that staple in excess of 1½ inches. The bill is the subject of hearings today.

This legislation is extremely important to the farmers in my district. Of the 100,293 acres allotted for the 1962 production of extra-long-staple cotton in the United States, 34,455 are in the 16th District of Texas, which I am privileged to represent.

Generally, the bill provides for releasing the extra-long-staple cotton in the strategic and critical materials stockpile. It would authorize, for sale in this country, about 47,500 bales of long-staple cotton which was produced in the United States.

It would require that the remainder of the stockpile, consisting of foreign-grown cotton, be exported.

The extra-long-staple cotton which is produced in my district in west Texas, as well as New Mexico and Arizona, is the world's finest fiber. The growers of this cotton are entering a new era of expanding demand coupled with the ability to produce assured stable supplies.

I might also state, Mr. Chairman, that all members of Congress representing the extra-long-staple cotton-growing area have introduced similar bills to mine. The only areas in the United States are Arizona and New Mexico, as well as my congressional district in Texas.

In the past, the industry was geared largely to the demands of the military and subject to boom-and-bust periods caused by the tremendous fluctuation in military requirements.

World War II saw an all-out effort to encourage production. During the Korean war, this cotton was in such demand that its

price was supported as high as \$1.07 a pound—about 150 percent of parity—to stimulate production.

About a quarter of a million bales, most of which was produced in Egypt, was stockpiled at prices up to a reported \$1.40 a pound. The Suez crisis also created shortages and stimulated demand.

In other times, demand fell sharply. The regular commercial market in the United States was filled almost entirely by foreign cotton, which was usually cheaper in price and often better in quality. The domestic markets was virtually preempted for foreign producers although imports were controlled by a quota of about 90,000 bales.

U.S. producers of extra-long-staple cotton in the early 1950's decided to move aggressively to stabilize their production and build a permanent and expanding commercial market. They formed the SuPima Association of America and contributed \$3 a bale to a market-development program.

This is a self-imposed tax, and I might say a voluntary tax, by the growers of this extra-long-staple cotton. The last report I had, it was something about 97 percent of this voluntary tax, and I might say there is no coercion whatsoever, there is no manner or means by which they can force the farmer into paying \$3 a bale for the marketing, development, and expansion of this program.

However, we have reached up to a percentage almost a hundred percent of the growers voluntarily. Their motto has more or less been "If we grow it, we will sell it." The growers have expanded their own market.

Through intensive research, with the cooperation of State and Federal agricultural agencies, new varieties were developed with better fiber qualities and higher yields and more effective production methods devised. As a result, the quality of American extra-long-staple cotton is now equal or superior to that of foreign cottons.

To stimulate demand, the SuPima Association conducts a national advertising and sales promotion program. As a result, some of the largest and most prominent manufacturers of name-brand clothing and some of the largest and best known retail chains have signed agreements to market a wide range of men's, women's, and children's apparel articles made of 100 percent American extra-long-staple cotton under the SuPima label.

Because of its wide acceptance, the use of SuPima cotton by American mills has increased dramatically. During the current season, which ends July 31, 1962, consumption is expected to be around 100,000 bales. This is more than double the 46,000 bales that were consumed in the 1958 season and a tenfold increase over the level of consumption in the early 1950's.

It is this tremendous demand that has created the need for this legislation. The 47,500 bales of domestically produced cotton in the stockpile that will become available is necessary to provide domestic mills an assured supply of cotton until the 1962 crop is ready in quantity.

The reason for requiring the foreign-grown cotton to move in export markets only is one of equity. It would be completely unfair to permit this cotton to usurp a demand and a growing market created by the time, money, and effort of our farmers.

I might say that the foreign cotton, of course, made no contribution to the coffers of expanding the market in the United States. The American farmers paid the entire bill voluntarily for the expansion

and development of this market. We feel, now, that we should take advantage of the market that we paid for.

The disposal plan provided by my bill is simple and fair to all interests. It is supported by farmers and users alike. Its early and favorable approval by Congress will be a real help to the farmers of my district, as well as others who grow extra-long-staple cotton in the United States.

That completes my statement, Mr. Chairman, and I might say the SuPima Association president is here. The other, I might say, expert witnesses on this subject as to any detail on the cotton, itself, and to the stockpiling and the history of this particular commodity, but I do appreciate the opportunity of appearing before you, and urge its early consideration.

Mr. PHILBIN. Thank you very much. You have made a very able and informative statement. The committee is very glad, as usual, to have your enlightened views.

Mr. RUTHERFORD. Thank you, Mr. Chairman.

Mr. PHILBIN. I think you have raised very important points, and when you refer to the sales program of your SuPima organization, which has been proceeding so satisfactorily, you feel that you have gotten real results from these cooperative efforts of your association.

Mr. RUTHERFORD. It has been extremely good, and many of the retail outlets have expanded. I might say, originally the SuPima Association was more or less limited to expensive wearing apparel. We have now gotten into more or less the middle, or the bulk market, discount houses, and such as that. This is not acceptable to all markets.

Mr. PHILBIN. And you feel now that the cotton has been taken off the critical list, so to speak, by the action of 1957, that you really do not have a serious production problem here in this country for cotton for emergency purposes, and that you feel that this bill would move in the direction of orderly marketing which would be helpful to your industry?

Mr. RUTHERFORD. This would not only be helpful to the industry, but also to the Nation.

Mr. PHILBIN. Well, we are very glad to have your views. Are there any questions?

Mr. DOYLE. I have a couple of questions, Mr. Chairman.

Mr. PHILBIN. Mr. Doyle.

Mr. DOYLE. What was the inducement of the voluntary tax you referred to by the members, the cotton producers? Why should they do that?

Mr. RUTHERFORD. Their inducements were, sir, that at the beginning of World War II the U.S. Government came into the western portion of the United States, Arizona, New Mexico, and my district in Texas, and said, "We are of great need for this extra-long-staple cotton for our war efforts."

Consequently, they offered extremely high prices. There is a tremendous amount of money going into this particular type of cotton. It is rather fragile in its growing. It is subjected to the rather unusual weather conditions, you might say insects, that other cotton could survive. This one is rather fragile, so therefore the cost in production put in here, and the possibility of getting a good crop is extremely unsure.

When the war effort came off, then you had the Korean situation, and again the military moves in and says "Stop your cotton, stop your regular staples, go into production again."

Then they backed off from the war effort. We were then in the extra-long-staple cotton production, but no market, because you had a tremendous amount of exports from Egypt, Sudan, Peru, and such as that, so therefore we had the ability to grow the extra-long-staple cotton, but we were being preempted by foreign cotton.

We wanted to expand our market, therefore the SuPima Association stated "Why don't we expand our own market; we grow the cotton." So they formed this association.

One of the originators of that association is in the room today. They stated, "We will take \$3; they voted this themselves, "\$3 per bale." This \$3 was put into advertising, public relations, designing, contacts with the mills as well as with Sears, Roebuck; Montgomery Ward; J. C. Penney's; and all the other big outlets, creating a market for their own commodity, rather than, you might say, going to the Government.

Mr. DOYLE. May I inquire, what subsidy, if any, does this grade of cotton get from the U.S. Government?

Mr. RUTHERFORD. As was stated here, we started off with 150 percent of parity.

Under the formula, our price support goes up to around 90 percent of parity. I have introduced bills, at their request, on several occasions when this parity goes up to 90 percent, to reduce it, and I might say we kind of disturbed the Agriculture Committee with such a request to reduce it down to 75 percent of parity.

Our concern here is not for the Commodity Credit to purchase it. We have got a market that we have created on the free market, and we are not interested in the Government purchasing this cotton. We want this to flow in trade, and to meet the demands that this association has created.

Mr. DOYLE. Is that Egyptian cotton apt to increase in its competition with your product?

Mr. RUTHERFORD. Well, of course, Egyptian cotton, in the extra-long staple, is a nasty word, Mr. Doyle, but this is a possibility.

In other words, we have taxed ourselves—we in the SuPima Association have taxed ourselves at our own expense. We have expanded the market. The only customer was the military.

Now, anyone who makes wearing apparel, is either a customer or potential customer we have created with our own expense.

We feel that we should take advantage and fill the demands that we have created rather than the Egyptian or the Peruvian.

Mr. DOYLE. I notice in the brief here world consumption has been rising in recent years primarily because of increased consumption in the Communist bloc.

What effort are you making to increase consumption in the Communist bloc of your cotton?

Mr. RUTHERFORD. Primarily here we are trying—our only request here insofar as increasing in the Communist bloc is increasing the demand here in the United States.

I might say this. This is brought about by the fact that Egypt, who I understand has been doing some trading over there, has had a tremendous—some 40,000 bales—loss in production over there due

to insects, disease, and such as that, that they can't fill their own quota.

We are attempting to put the stockpile bales on the market in order to fill the void.

Mr. DOYLE. I didn't make my question clear.

What effort, if any, has your association, or the American growers of this particular grade of cotton, made to sell in the Communist bloc—I refer to the statement in the last sentence of this brief which tells us that the world consumption has been rising primarily because of the increased consumption in the Communist bloc.

Mr. RUTHERFORD. But if you are directing to what our association, the SuPima Association, is doing to increase consumption in the Communist bloc, we are not.

Mr. DOYLE. Well, who is from the United States?

Mr. RUTHERFORD. I would say the foreign competitors are.

Mr. DOYLE. Just the foreign competitors?

Mr. RUTHERFORD. Yes; we concern ourselves only on the domestic market.

Mr. PRICE. We may be confused. Did you supply the committee with this summary Mr. Doyle has been reading from?

Mr. BLANDFORD. No; this was prepared by GSA.

Mr. RUTHERFORD. You might direct that to GSA.

Mr. DOYLE. I was directing a question to you on material you were not familiar with.

Mr. PHILBIN. I think that is all.

Mr. PRICE. I don't think GSA would say that anyone is encouraging the demand in the Communist bloc. It is just something normally that has taken place over there. I think that is the reference Mr. Doyle was referring to.

Mr. PHILBIN. We will have the opportunity of getting that testimony for Mr. Doyle if he wishes.

Mr. DOYLE. I was interested in the extent to which Communist-bloc users are buying our cotton, especially if it is increasing.

Mr. BLANDFORD. This was in here to indicate it is an ideal time to dispose of this, because there is a world demand for long-staple cotton, and Egyptian production has fallen off because of adverse weather conditions and insect infestation, and if you are going to sell the cotton now, this is the ideal time to do it.

Mr. PHILBIN. The marketing is more favorable at this time.

Mr. RUTHERFORD. That is true.

Mr. BLANDFORD. May I ask one question?

Are you in agreement with the proposed amendments that were suggested by the Office of Emergency Planning?

Mr. RUTHERFORD. I am not in agreement with them, but will accept them.

Mr. BLANDFORD. You have no objection to the amendments?

Mr. RUTHERFORD. Well, I would say this. We recognized, to be perfectly frank, the facts of life. We feel that the Agriculture Department has more or less been superseded by the State Department in this particular aspect here, and we are interested also in sugarbeets. We have to go to the State Department. We are interested in extra-long staple-cotton, and we have to go to the State Department.

We recognize that if the State Department supervision is not placed in the bill, we know, in effect, regardless of which administration is

in power at the White House, the State Department will have some review power.

We feel possibly it might be an advantage to have the State Department placed in the bill, and more or less their authority recognized so that there will not be a buckpassing operation whereby they will accept and assume their responsibility, so I will say in response to your question the amendments proposed by the State Department are acceptable.

Mr. BLANDFORD. Your reservation, then, is in connection with the words "with the concurrence of other interested Government departments or agencies"?

Mr. RUTHERFORD. This is true, but we will accept the amendments. I have discussed this with the individuals as well as the association in my district, and representing this commodity as a whole, and this is acceptable.

Mr. PHILBIN. Thank you very much.

Mr. BLANDFORD. At this point, I would like permission to insert in the record statements from other Members of Congress who may not be present, who have also expressed great interest in these proposals.

Mr. PHILBIN. We have several Members of Congress who have asked to be heard.

Thank you very much, Mr. Rutherford.

Congressman Udall has been here and asked to have a statement inserted in the record, in support of the bill. He wanted to have his support of the bill noted.

(The information to be furnished is as follows:)

STATEMENT OF JOHN J. RHODES, MEMBER OF CONGRESS, WITH REGARD TO H.R. 10296 AND SIMILAR BILLS

Mr. Chairman, I appreciate this opportunity to submit a statement in behalf of H.R. 10296. This legislation is very necessary, in my opinion.

In the first place, the stocks of long-staple cotton which can be sold after the enactment of this bill are no longer needed for the defense effort. In the second place, the sale of these commodities will be covered into the Treasury as miscellaneous receipts, and will be available to assist the hardpressed taxpayer.

In the third place, releasing of these stocks at this time will allow a stabilization of the long-staple cotton market. This market was not in existence a very few years ago. It has been raised and nurtured by the effort of a few cotton-growers, who chose to lift themselves and their products by their own bootstraps. They have been taxing themselves \$3 a bale for years, and the money has been invested in promoting a market for long-staple cotton.

The demand for long-staple cotton now is something approaching 10,000 bales per month. This market had grown, as I have stated, because of the enterprise of the growers in promoting the product, but it has also had the benefit of a relatively stable price which was attractive to the processor of cotton. If stocks are allowed to go below the safety point, the price of long-staple cotton will rise to the point that the consumption will be impaired. This would in large measure defeat the efforts of the growers, and would in large measure reverse the gain they have made in establishing a firm market for their product.

I can see nothing but good coming from the enactment of this bill. I trust it will be treated with expedition.

Mr. PHILBIN. Congressman Montoya, Congressman Morris.

Congressman Morris, you are just in time to be heard. We would be glad to have your views.

Mr. MORRIS. Thank you, Mr. Chairman and members of the committee. It is a pleasure to be here.

I am submitting this statement in behalf of myself and Congressman Joe Montoya, the dean of the New Mexico delegation who is now out in the State seeking to prevent a catastrophe.

Mr. PHILBIN. A very fine delegation.

Mr. MORRIS. Mr. Chairman, I want to thank you for this opportunity to present our view in behalf of our bills H.R. 10428 and H.R. 10427 which provide for the sale and disposal of extra-long-staple cotton in the national stockpile by the Commodity Credit Corporation.

We will not go into the details of the bill, but want to point out that provision for moving extra-long-staple cotton immediately into trade channels is necessary to take advantage of favorable current market conditions.

If the cotton question were to be disposed of under the provisions included in the Stock Piling Act, a waiting period of 6 months would be required after permission of Congress is obtained and notification published in the Federal Register.

If disposition is carried out under existing law, a delay of at least a year will necessarily result because we would have to wait until after next year's harvest to begin any disposition of stocks without endangering the market. However, indications are that the Commodity Credit Corporation would be able to move a substantial amount of this cotton out of Government stocks and into commercial channels if it can gain access to it in the near future.

There is no longer any need for us to bear the unnecessary expense of storing extra-long-staple cotton in stockpile. American producers have clearly indicated their willingness and ability to produce ample extra-long-staple cotton to meet any emergency.

Authorities have indicated there is no present or anticipated need for stockpiling this material for the national security. To continue to carry this cotton in stockpile is not only an undue and unnecessary expense to the American taxpayers but a gross underestimate of the ability of the domestic producer.

The General Services Administration, which has the authority for administering the national stockpile, has been attempting since 1957 to dispose of extra-long-staple cotton stocks. In 1957, they were successful in getting congressional approval to transfer 50,000 bales of this cotton to Commodity Credit Corporation, and, to date, the Commodity Credit Corporation has disposed of over half of this amount without affecting the price of extra-long-staple cotton.

Current outlook indications are that the amount the Commodity Credit Corporation could successfully move into commercial channels can be increasing under the present production-control program, as consumption has been increasing steadily each season since that of 1957-58 crop year.

We will be losing an extremely good chance if we do not take advantage of this current situation. Here we have an opportunity to rid the American taxpayer of an unwarranted burden and, at the same time, keep our American producers satisfied.

I hope, Mr. Chairman, the committee will feel they can act favorably on this legislation.

Mr. PHILBIN. Thank you very much. Your statement has been very helpful.

I do not have any questions. I think you have made a splendid statement outlining your reasons for supporting the legislation.

Are there any questions, Governor?

Mr. STAFFORD. I might state I can understand the difficulties Mr. Morris has dealing with a delegation of unwieldy size, since it is twice as big as my own.

Mr. PRICE. I would say that in each case what they lack in quantity they make up for in quality.

Mr. MORRIS. That is most kind of you to say so.

Mr. DOYLE. Who should I ask the question of why it takes 4 years for CCC to dispose of so few as 50,000 bales?

Mr. MORRIS. Well, Mr. Doyle, the consumption of this cotton has been increasing steadily over a period of time. We have also increased some of the domestic production of this cotton.

Now, the producers of extra-long-staple cotton have formed an organization which has been of tremendous asset in improving the market for this crop, and I believe that they pay into this organization about \$3 a bale dues, and they have done an excellent job of building up the market.

In fact, they anticipate that they can use about 120,000 bales of this cotton this year, and that the need will increase in 1963 by 10,000 or 15,000 bales.

Mr. LANKFORD. What is the U.S. production of extra-long-staple cotton?

Mr. MORRIS. This year, about 64,000. I am assuming it is going to be about a bale to the acre. This is the round figure that they use.

Mr. PHILBIN. Are there any further questions?

If not, we thank you again for your fine statement.

Mr. MORRIS. Thank you, Mr. Chairman, and the committee, for your courtesy.

Mr. PHILBIN. You have given us a very excellent statement. It will be very helpful to us.

The next witness is Mr. Belsley. You may proceed when ready with your statement, Mr. Belsley.

We are very happy to have you here this morning and know that you are going to throw great light on the subject we are dealing with at the moment, and we anticipate your testimony.

Mr. BELSLEY. Mr. Chairman, my name is G. Lyle Belsley, I am Director of Resources Planning and Mobilization in the Office of Emergency Planning.

Mr. McDermott, the Director of the Office of Emergency Planning has requested me to appear on his behalf this morning because he is out of the city on official business. He has also asked me to express his regrets at his not being able to inform you personally of the importance he attaches to approval of the subject which the committee is about to consider; that is, legislation which will authorize an orderly program for the liquidation of certain surplus stockpile inventories such as the surplus inventory of extra-long-staple cotton.

We understand that after you have considered the proposed legislation relative to the sale of surplus extra-long-staple cotton in the stockpile, you plan to call on representatives from the General Services Administration to discuss other surplus stockpile disposal plans in regard to congressional approval which is now being requested.

These plans have been submitted to you with the approval of our agency and on behalf of Mr. McDermott. I would also like to urge you to consider them favorably.

In the early fifties during the Korean hostilities, the shortage of foreign extra-long-staple cotton for essential military products and

fabrics led to the decisions both to expand domestic production and establish a stockpile inventory.

Subsequently, the domestic producers developed a strong, reliable source of supply which in combination with the development of substitute fibers largely eliminated our reliance on foreign sources of supply of extra-long-staple cotton.

Accordingly, the Office of Defense Mobilization in March of 1957 determined that it was no longer necessary to stockpile this material.

In July of that year the Congress enacted Public Law 85-96, which authorized the sale of 50,000 bales of domestically grown extra-long-staple cotton from the stockpile. All but about 7,000 bales of that amount has been sold.

The remaining 219,000 bales in the national stockpile were covered by a proposed disposal plan which was submitted to the Congress for approval in August of 1957. No action has been taken on that plan for reasons indicated below.

Over 5 years have passed since the time this material was determined to be surplus. Until the present time it has not been possible to develop a plan of disposal with regard to the remaining inventory, because circumstances have not been such that the best interests of all parties concerned would be served by such disposal.

Our studies and advices indicate that the present environment is most propitious for undertaking the disposal of this cotton at this time as generally proposed by the legislation which you are considering.

Our staff has prepared a detailed statement indicating the administration's support of the legislation before you, together with our requested minor perfecting amendments. Those amendments which were initially suggested in the Director's letter of April 3, 1962, commenting on the proposed legislation are essential to the effective administration of the disposal plan.

The statement also explains why extra-long-staple cotton was stockpiled, why it has become excess, and contains other general information concerning the proposed disposal reflected in the legislation. It also discusses in some detail each provision of the legislation.

Mr. Chairman, with the permission of the committee, I would at this point like to submit this statement to the committee for the record.

Mr. PHILBIN. The statement will be incorporated in the record.
(The statement referred to is as follows:)

MEMORANDUM OUTLINING THE REASONS FOR SUPPORTING LEGISLATION DEALING
WITH THE DISPOSAL OF SURPLUS EXTRA-LONG-STAPLE COTTON IN THE
NATIONAL STOCKPILE

I. INTRODUCTION

The purpose of this paper is to outline the reasons for this administration's support of legislation to provide for the disposal of the remaining inventories of extra-long-staple cotton in the strategic stockpile.

The proposed legislation is based on five bills introduced by Congressman Rutherford, H.R. 10595; Congressman Montoya, H.R. 10427; Congressman Morris, H.R. 10428; Congressman Udall, H.R. 10403; and Congressman Rhodes, H.R. 10296.

These bills introduced in February and March are identical and represent the proposals of the five Congressmen from the area where practically all of the U.S. domestic supplies of extra-long-staple cotton are grown.

The six Senators from Arizona, New Mexico, and Texas have also introduced the same bill as S. 2955.

This proposed legislation presents an excellent opportunity to help the taxpayers by converting a no longer needed Government asset, which is expensive

to store, into cash, which will be turned over to the Treasury. At the same time, it will help the producers, processors, and consumers by providing an orderly basis for disposing of this surplus cotton. It is our opinion that this disposal plan and program represents the best solution to a problem that has existed for over 5 years.

In this connection, it is no coincidence that this committee is considering identical bills introduced by the five Congressmen and the six Senators from the producing areas. These identical bills represent the work of the Members of the Congress and the producing industry, whom we are told believe that this disposal plan is the most effective and expeditious way to sell or otherwise dispose of these unneeded Government inventories.

On April 3, the Office of Emergency Planning wrote Chairman Vinson of this committee, endorsing the bills subject to several minor perfecting amendments, which will be explained later. A copy of this letter is attached. The Bureau of the Budget authorized the Office of Emergency Planning to conclude that letter with the following sentence: "The Bureau of the Budget has advised that there would be no objection to the submission of this report from the standpoint of the administration's program."

II. GENERAL

There follows a general description of the Government's program relating to extra-long-staple cotton and the reasons why this disposal legislation should be adopted. There is also a detailed analysis of the specific provisions explaining what each provision does and why it is needed to complete the disposal program.

1. Summary of the disposal legislation

This disposal legislation, with the perfecting amendments suggested by the Office of Emergency Planning, authorizes the sale of the remaining 219,000 bales of stockpile extra-long-staple cotton. (In the statement, the bales are counted as 500-pound bales, rather than as running bales.) The Department of Agriculture is given custody and sales authority. The Secretary will obtain the concurrence of other interested departments and agencies in establishing periodical foreign disposal quotas or in selling below world market prices. The portion of the total consisting of about 47,500 bales of domestic-grown cotton is to be sold domestically at not below the same minimum price for current sales of domestic production. The foreign-grown cotton consisting of about 172,000 bales is to be sold abroad, either commercially or by the use of the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). Foreign disposals will not count as exports in establishing national marketing quotas. Net sales proceeds are to be transferred to the miscellaneous receipts of the Treasury.

2. Background of this disposal program

In March 1961, President Kennedy urged that surplus Government-owned materials be used in connection with the revised foreign aid program. In endeavoring to utilize the unneeded extra-long-staple cotton for this program, it became apparent that a number of laws made such use difficult, if not undesirable. Accordingly, over a period of several months, staff from the executive and legislative branches of the Government worked with representatives of the industry in developing a comprehensive disposal program which could overcome the several obstacles while protecting the public interest. The use of Public Law 480 and the provisions relating to annual marketing quotas set forth in the bills and explained in detail below are two important provisions of this disposal program. When in December it was apparent that an effective disposal program could be agreed upon, the Director of the Office of Emergency Planning authorized the development of the disposal plan. The disposal bills introduced in February and March are based upon these joint efforts and are consistent with the general disposal plan on which all parties have been working.

3. Definition

The stockpile cotton has a staple length of $1\frac{1}{2}$ inches or more, and is known and identified in the trade as extra-long-staple cotton.

4. Stockpile no longer needed

Extra-long-staple cotton was originally stockpiled during Korean hostilities to meet essential military needs, such as cordage and webbing, shoe laces, sewing thread, and fine count military fabrics, which could not be satisfactorily met by other available fibers. Since the stockpile was established, two significant changes have arisen. First, the domestic producing industry has become firmly established. As a consequence, the United States possesses a strong domestic produc-

tion capability which could be substantially expanded to meet increased needs in the event of hostilities. Second, the development of new fibers and fabrics provided a number of substitute materials, which could meet many of the needs previously supplied exclusively by extra-long-staple cotton.

Therefore, on March 13, 1957, the Director of the Office of Defense Mobilization, predecessor agency to the Office of Emergency Planning, determined that there was no longer a need to stockpile extra-long-staple cotton for national security purposes.

5. Cost of continuing stockpile

The 219,000 bales of extra-long-staple cotton to be covered by this legislation represent substantial continuing costs to the Government. For example: Present annual storage costs alone total about \$554,000. In the past 5 years, it has cost about \$2,770,000 to store this cotton (these costs do not include the cost for the 50,000 bales of cotton which was authorized to be sold under Public Law 85-96).

6. Needed protection assured

The above-listed bills, together with the executive branch's perfecting amendments, provide a firm basis for assuring that this excess inventory will be liquidated under terms and circumstances which will protect the United States against avoidable loss and also protect producers, processors, and consumers against avoidable disruption of their markets. The agreement which today exists in support of this disposal program has been achieved because of the protections that are built into this proposed disposal legislation.

7. Timing is favorable

Prompt enactment of this legislation will make it possible for the Department of Agriculture to take advantage of an unusual market situation. The principal producer and exporting nation—Egypt—this past year experienced a production decline of almost 40 percent, primarily traceable to insect infestation and flooding. While the Sudan had a substantial increase in production which covered much of the production loss in Egypt, the supply/demand is undoubtedly more favorable to disposal than it would be in an otherwise normal year.

8. Domestic producers support

We understand that domestic producers, through their SuPima Association, are supporting and urging adoption of this legislation, because they also recognize the special advantages of the present market conditions. In addition, they are taking an enlightened and intelligent view that so long as these foreign inventories remain in Government inventories, without a disposal plan, they represent a threat to the market. They also realize that the domestically produced cotton in the stockpile may be needed to meet a current domestic demand.

This plan gives them the needed assurance that they can continue their strenuous and impressive efforts to expand domestic consumer demand for products using extra-long-staple cotton with a conviction that the expanded demand will be met by increased domestic production. Without a disposal plan similar to these bills, these stockpile inventories represent a threat to such efforts to expand demand.

9. Disposal period

It is difficult to estimate how long it will take to dispose of the cotton. However, unless abnormal conditions arise, it is expected that the inventories of foreign-grown cotton can probably be disposed of in 7 or 8 years with little impact on the market. The approximately 172,000 bales of foreign-grown cotton in the stockpile inventories represent less than 10 percent of total annual free world sales of this type of cotton. A disposal program spread over several years would be managed to assure no adverse market impact.

10. No impact on imports

This disposal legislation will have no impact on import quotas and import tariffs. Accordingly, it provides assurance to the domestic and foreign producers that it will not disrupt or interfere with existing U.S. Government programs concerning extra-long-staple cotton. During the period in which this cotton has been stockpiled, approximately 61,000 bales of the foreign-grown cotton have been officially entered as part of the import quotas in earlier years. Since, under the proposed legislation, all of the foreign-grown cotton will be sold for export, the fact that some has been previously charged against quotas will have no effect on future import quotas.

11. Foreign and domestic disposals combined

As indicated above, the stockpile inventories will be disposed of so that the 47,500 bales of domestically grown cotton will be sold on the U.S. market and the foreign-grown cotton will be sold abroad. This distinction is important because the domestic producers would not be helped by a second partial disposal plan such as Public Law 85-96 under which the remainder of the domestically grown cotton in the stockpile would be sold on the domestic market while there was no plan for disposal of the foreign-grown cotton. If such a plan were enacted, after all the domestically grown stockpiled cotton had been absorbed in the domestic market, pressures might arise for use of the foreign-grown cotton domestically. Such action would, of course, disrupt the present acreage allotment and marketing quota program and therefore adversely affect domestic producers. This plan, which ties the domestic and foreign cotton together into a satisfactory disposal procedure, eliminates this risk to the domestic growers.

12. Earlier disposal legislation

Shortly after the Office of Defense Mobilization determined in 1957 that the extra-long-staple cotton was no longer needed for stockpiling, legislation was enacted in Public Law 85-96 to authorize the Secretary of Agriculture to sell 50,000 bales of the domestically grown extra-long-staple cotton from the stockpile. That legislation was supported by the domestic producers and was similar in several respects to the bills now being considered. Under that disposal authority about 43,000 bales have been sold, entirely in the domestic market.

III. SPECIFIC PROVISIONS OF THE PROPOSED LEGISLATION

Below, the specific provisions of these disposal bills, including the minor perfecting amendments, are explained in detail:

1. Disposal authorized

The Stock Piling Act requires express approval of the Congress before disposal can be undertaken. This legislation authorizes the disposal of all the remaining extra-long-staple cotton in the stockpile, and, therefore, meets that requirement.

2. CCC jurisdiction

The disposal plan as set forth in these bills and the perfecting amendments transfer custody of the domestically grown and foreign grown stockpile cotton to the Commodity Credit Corporation for custody and disposal. The Commodity Credit Corporation is the agency of the Government responsible for administering the Government sales program of extra-long-staple cotton acquired as a result of the domestic support program, and so it should also administer the stockpile sales or disposal program. Separate custody and authority might lead to sale or disposal conflicts between the two agencies if the General Services Administration were to continue to have disposal responsibility for the foreign grown stockpile cotton.

Consistent with these general principles, the Office of Emergency Planning letter of April 3 to Chairman Vinson recommended two amendments which give the Commodity Credit Corporation custody of the foreign-grown cotton in the same manner as the bills give it control of the domestically grown cotton. The effect of these amendments is to transfer the entire inventory to the Commodity Credit Corporation in order to eliminate budgetary and other administrative problems and to expedite and consolidate disposals. The two amendments are:

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred."

(2) Page 2, line 9, put a period after the word "Corporation" and strike the words "in lots as requested."

3. Disposal price

Under the proposed legislation, the Commodity Credit Corporation will sell the domestically produced cotton at the same schedule of minimum prices as it sells the extra-long-staple cotton acquired in domestic price support operations. This basis for determining acceptable prices is currently being used in connection with the 50,000 bales of extra-long-staple cotton released for sale by Public Law 85-96 in 1957. Most of that cotton has been sold without adversely affecting domestic market prices, so there is no reason to expect any problems in similar sales of the remainder of such cotton.

In connection with the disposal of the foreign-grown cotton in the stockpile, the Office of Emergency Planning letter recommended a formula for determining

minimum prices. The standard proposed is desirable in the interest of our international relationships and, at the same time, it will not affect the rate of disposal by the Department of Agriculture. The recommended amendment is:

(3) Page 2, line 11, remove the period at the end of the sentence and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture, unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested Government departments or agencies."

The added language makes it clear that export sales of foreign-grown cotton may be at world market prices. It also assures that if there should be export disposals on any other basis, they would not adversely affect the international relations of the United States.

4. *Marketing quotas and acreage allotments*

These bills contain a needed protection for domestic producers and the domestic textile industry in the provisions relating to annual national marketing quotas and production acreage allotments. This protection provides that the domestically produced stockpile cotton will not be counted in the determinations relating to the national marketing quotas and the resultant acreage allotments until it is sold by CCC. In this manner, to the extent that stockpile sales increase either domestic consumption or exports, that increase will be reflected in the national marketing quota. If such a provision were not included in the legislation, the domestic producers might be forced to reduce their production by the quantity in the stockpile. Such a reduction would be undesirable because it would adversely affect these producers who are so important to the Nation's mobilization base for meeting potential defense needs for extra-long-staple cotton. This provision assures domestic growers that they can continue their present efforts to expand the demand for their product with the knowledge that the stockpile cotton will not materially affect the current production of extra-long-staple cotton that these market development activities create.

The bills also provide that exports of the foreign-grown stockpile cotton will not be included in determining national marketing quotas. This provision protects the producers and the other interested parties against artificially inflated export quantities which might otherwise require substantial and unwarranted increases in the domestic marketing quotas.

5. *Special consideration relating to foreign-grown cotton*

Since the United States is a net importer of extra-long-staple cotton and since three other countries—Egypt, the Sudan, and Peru—provide practically all of the world's exports of extra-long-staple cotton, a special provision has been proposed to guide the administration of the sales or disposals of extra-long-staple cotton. This provision is covered in the proposed amendment No. 4 in the Office of Emergency Planning letter to Chairman Vinson as follows:

Page 2, line 11, before the sentence beginning with the words "Such foreign-grown cotton * * *" insert the following new sentence: "In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture, with the concurrence of other interested Government departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

It is clear that foreign trade in extra-long-staple cotton is of considerable importance to several less developed countries; in particular, Egypt, the Sudan, and Peru. Fostering good relations with these countries is an important part of our overall foreign policy. The Sudan, occupying an important position among the new African nations, has been cooperative and friendly and it is important to strengthen this relationship. Our relations with Egypt have been improving. It is in the U.S. interest to do what we can to encourage this important country to look increasingly toward the West. Peru will view our actions on this disposal in the context of the Alliance for Progress. It is essential that our disposal be conducted in a manner which will not impede the efforts of these countries to develop their own economies. Nor should our disposal tend to counter our own efforts to assist these countries in economic development. Clearly, the disposal of the stockpiled extra-long-staple cotton is a matter of considerable sensitivity in our international relations.

The proposed legislation provides a basis for achieving this disposal, but, in the interest of our international relations, it should be explicit in regard to the disposal of the foreign grown cotton. For these reasons of essential importance to our international relations, the bill should state the manner for establishing the

rate at which this extra-long-staple cotton is to be released as provided in the above proposed amendment.

6. Use of Public Law 480 authority

The bills authorize the use of the provisions of Public Law 480. This authority avoids the necessity of drafting many detailed provisions concerning foreign disposal because they have already been incorporated in Public Law 480. For example, these Public Law 480 safeguards protect against reexports and against sales to unfriendly foreign countries.

The operations under Public Law 480 concerning sales or other disposals of American upland cotton and of other surplus agricultural commodities are thoroughly understood by the producers, processors, and traders. The authority contained in Public Law 480 is adequate to assure that throughout the life of this disposal program, the full range of Government sales or disposal activities will be available. It would be hoped that in the administration of Public Law 480 disposals, new markets could be created for extra-long-staple cotton so that, in the long run, the disposal action and authority will positively contribute to the economic strength and prosperity of all of the extra-long-staple cotton producing countries, including the United States.

7. Net funds to Treasury

Consistent with all stockpile materials disposal plans and programs, the disposal agency, the Commodity Credit Corporation, will deliver to the Treasury of the United States as miscellaneous receipts the net proceeds from sales and dispositions of this extra-long-staple cotton. These net proceeds are determined after the Secretary of Agriculture has deducted administrative and other sales costs as is the case with all other stockpile actions.

8. Waiver of 6-months' requirement

The bills on which this testimony is being presented make no reference to the Stock Piling Act requirement for a Federal Register notice and a 6 months' delay. These procedures are widely and generally relied upon by foreign and domestic interests as protections against avoidable disruption of their usual markets. Except in most unusual cases, it is not wise to waive these procedures unless there are strong reasons to believe that such a waiver does, in fact, give additional protection against avoidable disruptions. In connection with this stockpile cotton, there are two unusual conditions which may warrant the waiver of these procedures:

a. The unusual market conditions arising from the low production makes it possible to initiate disposals during this crop year under the terms of this proposed legislation.

b. The notice to the industry and other interested parties was made in fact in March of 1957 when the Government determined that extra-long-staple cotton was no longer needed for the stockpile and later that year when Public Law 85 96 was adopted and when the General Services Administration published a disposal plan in August of 1957.

IV. CONCLUSION

In summary, this is the most auspicious time for enactment of this proposed legislation and amendments which would authorize disposal of the remaining extra-long-staple cotton in the stockpile. It has the support of the producers, the traders, and the consumers, and appears to serve the best interests of the various governmental departments and agencies involved. It represents a comprehensive program for the orderly liquidation of these inventories. It gives the disposal authority to the agency best able to administer it. Its value at present market prices is approximately \$40 million. We cannot urge too strongly the prompt enactment of this legislation.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
OFFICE OF THE DIRECTOR,
Washington, D.C., April 3, 1962.

HON. CARL VINSON,
Chairman, Committee on Armed Services,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This has reference to your request of February 21, 1962, for our comments on H.R. 10296, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

The proposed bill would authorize the transfer to the Commodity Credit Corporation for disposal of all extra-long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act.

There is no present or anticipated need for stockpiling this material for the national security. The executive branch has recently undertaken the development of a plan for the disposal of such material substantially along the lines proposed by H.R. 10296.

For reasons which will be explained below, the Office of Emergency Planning recommends the following amendments to the proposed legislation:

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred".

(2) Page 2, line 9, put a period after the word "Corporation" and strike the words "in lots as requested".

It is our opinion that transferring the entire inventory would tend to expedite the sales or disposals and eliminate budgetary and other administrative problems.

(3) Page 2, line 11, remove the period at the end of the sentence and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture, unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested government departments or agencies."

The added language makes it clear that export sales of foreign-grown cotton may be at world market prices. It also assures that export sales on any other basis will not interfere with the international relations of the United States.

(4) Page 2, line 11, before the sentence beginning with the words "Such foreign grown cotton * * *" insert the following new sentence: "In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture, with the concurrence of other interested Government departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

The addition of this sentence will establish an administrative process, which will permit Government officials involved in disposal of the foreign-grown cotton to liquidate the inventories under terms and circumstances which will protect the United States against avoidable loss, and also protect producers, processors, and consumers against avoidable disruption of their markets.

With the inclusion of the amendments suggested above, the Office of Emergency Planning recommends enactment of H.R. 10296.

The Bureau of the Budget has advised that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

EDWARD A. McDERMOTT.

Mr. BELSLEY. There is one additional comment concerning this proposed legislation which should be made. The various groups which have cooperated in this effort are to be commended for their positive and constructive approach in arriving at solutions to the various problems which affected their particular interests.

Mr. McDermott has requested me to advise the committee that proposed legislation best serves the interests of producers, traders, and consumers, as well as those of the various Government departments and agencies involved, we recommend its enactment.

Thank you.

Mr. PHILBIN. You seem to be in a fortuitous position in that you have agreement of the producers and all the Government departments. This is rare and really worthy of more than passing notice.

Now, before asking you some questions which I have on the general subject matter, perhaps you would explain the amendments, and let us have your views concerning the amendments you propose to the legislation.

Mr. BELSLEY. The amendments proposed were included in the letter of April 3, 1962, to the chairman of the Committee on Armed Services, and that letter is attached to the detailed statement which I submitted a moment ago for the record.

The amendments provide in general terms, first, that the cotton, the foreign-grown cotton be transferred to the Commodity Credit Corporation outright to simplify administrative problems, and to simplify and to avoid the possibility of conflict between the two agencies.

Mr. PHILBIN. Heretofore the distribution has been by GSA?

Mr. BELSLEY. By most of the surplus materials in the stockpile that are to be disposed of, this has been by GSA. On the other hand, here is an agency of the Federal Government, in this case the Commodity Credit Corporation, that is almost a chosen instrument with respect to the cotton disposal, and it is a natural thing, it seems to us, and a reasonable one that they should be administratively responsible for the custody of the cotton that is to be disposed of.

Mr. PHILBIN. Responsible for the custody as well as the marketing.

You believe that that will be in the interest of efficiency in disposing of the cotton?

Mr. BELSLEY. We do.

Mr. BLANDFORD. If I might inquire, that merely was a transfer. This does not mean that the Commodity Credit Corporation will make a financial bookkeeping entry credited to miscellaneous receipts.

In other words, these receipts will be covered into the Treasury only upon the sale of the cotton.

Mr. BELSLEY. That is correct.

Mr. PHILBIN. As in accordance with the previous plan. These receipts were always covered under the miscellaneous receipts of the Treasury.

Mr. BELSLEY. That is correct.

Mr. PHILBIN. What is the second amendment?

Mr. BELSLEY. The second amendment was on line 11 of the bill to strike the period after the word "export" and to add the following language, if I may read the sentence:

Any foreign-grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export at not less than the world market price as determined by the Secretary of Agriculture, unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested Government departments or agencies. In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture, with the concurrence of other interested departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended.

That constituted two proposed amendments, but they came seriatim in the text of the bill, and I have read them together.

These are the amendments that were proposed by the Office of Emergency Planning.

Mr. PHILBIN. And you favor both of the amendments?

Mr. BELSLEY. We do.

Mr. PHILBIN. Now, with reference to the second amendment, would that not leave to the Secretary of Agriculture discretion as to the price of the disposable cotton?

Mr. BELSLEY. We think it does. It means that he will consult with, however, other interested agencies, and that in the event that he determines on a price other than the world market price that he would have their concurrence, and they would be on the record with respect to their concurrence or objection.

Mr. PHILBIN. Under what circumstances would the product be sold at less than the world market price?

Mr. BELSLEY. On this, Mr. Chairman, I would prefer if you would discuss that—because it is a marketing problem—with the Commodity Credit Corporation, if you would be good enough to do so. This is a marketing problem, and it is directly theirs.

Mr. PHILBIN. Is that tied in with the foreign program?

Mr. BELSLEY. It could be.

Mr. BLANDFORD. Basically I suspect it was a recommendation of the State Department to preclude the dumping of cotton on foreign markets.

Mr. BELSLEY. It is pretty much that, and the whole problem of relations with other countries that have an interest in this.

Mr. PHILBIN. Now, are you familiar with the prices received as a result of the sales of the cotton, that portion of the cotton which has already been disposed of, and how that compares with the prices at which these stores of cotton were originally acquired?

Mr. BELSLEY. The cotton that has already been disposed of is entirely domestic cotton and disposed of on the domestic market. This is not the foreign cotton, and did not include any of the foreign cotton which is included in part in this bill.

Mr. PHILBIN. It did not include any of the long-staple cotton, so-called?

Mr. BELSLEY. Yes; it did.

Mr. PHILBIN. Well, that is what I was getting at. At what price did you sell the long-staple cotton that you have already sold?

Mr. BELSLEY. I don't know the exact dollars and cents figure. I think it averaged around 53 cents a pound.

Mr. PHILBIN. Did it represent a loss or a profit to the Government, as against the cost?

Mr. BELSLEY. I think this is a loss to the Government.

Mr. PHILBIN. A loss to the Government?

Mr. BELSLEY. Yes.

Mr. PHILBIN. Why should that be in view of the fact that the price of cotton is higher than it was back in 1951 and 1952 when this cotton was acquired?

Mr. BELSLEY. Mr. Chairman, I would like to have you discuss this with the people who are the marketing experts on this. The agricultural representatives I think are here.

Mr. PHILBIN. And is one from the CCC here to discuss this?

Mr. BLANDFORD. Isn't the answer that the Egyptian long cotton established the world market price for practical purposes, and it has only been recently that the world market price has reflected the shortage of long-staple cotton?

Mr. BELSLEY. I think this is correct.

Mr. PHILBIN. Do you have some questions, Governor?

Mr. STAFFORD. No.

Mr. PHILBIN. Are there any questions?

Mr. DOYLE. I would like to renew my inquiry along the lines of why it is necessary to keep this cotton in storage for years, 50,000 bales, and only sell at a loss to the Government, according to your brief observation, now when it is carrying such a heavy subsidy originally?

Mr. BELSLEY. It is my understanding, Mr. Congressman, that they did sell it at market as provided in the plan at the time. Again, they are the marketing people, and I can't answer properly for the Com-

modity Credit Corporation in the problems of their marketing of the long-staple cotton.

Mr. DOYLE. I surmise the cost of storage is immense for 4 years for that quantity of material.

Mr. BELSLEY. The storage, if I may, quite apart from the cost of that material the storage cost of the pending sale of 219,000 bales for a year is a little over a half a million dollars. It is about \$554,000 a year.

Mr. DOYLE. That isn't chickenfeed, is it?

Mr. BELSLEY. It is not chickenfeed, and it is one of the reasons—not the only one—but one of the reasons we feel the disposal plan should be approved.

Mr. PHILBIN. In your statement you say we have extended over \$2 million.

Mr. BELSLEY. That is correct.

Mr. PHILBIN. In your opinion, that is one of the strong reasons why we should dispose of the cotton?

Mr. BELSLEY. That is one of the strong reasons for it.

Mr. HALL. I am not sure this is the gentleman we should ask, and if not I would urge, Mr. Chairman, that we determine here the relation between this as a matter of disposal just at this particular time, vis-a-vis the President's stockpile investigation that is going on in the other body at this time, and what impetus that may have lent to this particular disposal, again as related to the protection of our own growers with relation to future needs or abilities to produce.

Mr. PHILBIN. You have in mind also, I suppose, the effect on any disruption that might result to the market.

Mr. HALL. Absolutely.

Mr. BELSLEY. First, this cotton is to be disposed of—that is the domestic cotton—on the domestic market in much the same way as the previous disposal of the 43,000 out of the 50,000 bales that are already being disposed of.

With respect to the relationship of this and the current discussions with respect to the stockpile in general, I merely do want to point out that the plan for the disposal of this cotton was submitted to the Congress for approval in 1957.

It was developed more than 5 years ago.

Mr. PRICE. I think that is covered in each of your backup sheets where you have the date of Federal Register notice.

Mr. BELSLEY. That is correct, it was published in the Federal Register in 1957, as it was sent to the Congress for approval—it had to be approved by the Congress. The sale of the 219,000 bales has not been approved. This legislation would accomplish that purpose, so it is something of long standing. More recently, but I also point out before all of the discussion, current discussion about the stockpile, proposals were being developed, and a proposed disposal plan was being developed within the executive branch, which did lead to these bills, because it was being discussed with the producers, consumers, and interested parties.

Mr. HALL. Am I to understand, then, sir, there just wasn't a propitious market that developed in the interim, and that is what delayed the selling of the extra 7,000 bales that was authorized?

Mr. BELSLEY. Oh, on that score, again I come back to that as a marketing problem, and I can't answer that for you on the 7,000 bales.

Mr. PHILBIN. The disposal has ranged over a long period of time.

Mr. BELSLEY. The effort is not to push this on the market so that it will disrupt the market, and this would be so with the pending legislation. We would hope it would not, and the intent is that it not.

Mr. HALL. A further question. Do I gather that you are recommending that that long-staple-fiber cotton that we have in our stockpile that was produced domestically is going to be disposed of in the domestic market, and that that we acquired in our stockpile from overseas in the emergencies that have been referred to is going to be thrown on the world market at a propitious time largely because of this drought and infestation in Egypt, and so forth?

Mr. BELSLEY. That is correct; the domestic production goes to the domestic market. The foreign production goes to the foreign market.

Mr. PHILBIN. And in that connection, if the gentleman will permit——

Mr. HALL. Certainly.

Mr. PHILBIN. You deem at the present time the timing is favorable for the disposition of this cotton?

Mr. BELSLEY. We do; as I think was pointed out by Mr. Blandford that floods, plus insect infestations, has apparently reduced the production in the Egyptian area, and this is a favorable time for disposal.

Mr. HALL. Mr. Chairman, I would like at this point to say that with regard to the second amendment, or the one on page 2, line 11, giving the Secretary of Agriculture power for final approval or disapproval of the sale price with relation to other agencies, that I would like to pursue that further at the appropriate time with the appropriate witness.

I am sure that that is in the interest of good legislation.

Mr. PHILBIN. You can't give us any projection of how long it would take to dispose of the cotton?

Mr. BELSLEY. That is rather difficult. We assume that the foreign disposal would take place over a considerable period of time, 7 or 8 years, or longer if need be, or a shorter period if it were advantageous to do that.

Mr. PHILBIN. You also made the point in one of your statements which I have read that there would be no impact on imports as a result of this.

Mr. BELSLEY. That is right; this would not affect any import quotas.

Mr. PHILBIN. Are there further questions?

Thank you very much for your illuminating presentation.

Mr. Blandford, who is the next witness.

Mr. BLANDFORD. Mr. J. Banks Young, president of the Cotton Council.

Mr. PHILBIN. We will be glad to have your testimony, Mr. Young.

Mr. YOUNG. Thank you, Mr. Chairman.

My name is J. Banks Young. I am Washington representative of the National Cotton Council. The council, with headquarters in Memphis, Tenn., is the overall organization of the raw-cotton industry, representing cotton producers, ginner, warehousemen, merchants, spinners, and cottonseed crushers in the 19 cotton-producing States. The National Cotton Council favors the enactment of legislation providing for the release of extra-long-staple cotton from the strategic and critical materials stockpile.

That portion of the stockpile grown in the United States, approximately 47,500 bales, would be offered for sale in this country. The foreign-grown portion, about 172,000 bales of 500 pounds equivalent, would be sold for export only.

The bills are supported by the domestic producers of extra-long-staple cotton and the American mills which use it. Early action by the Congress is important to both. There is no known opposition in this country to the proposed disposal program.

A brief review of the stockpiling and subsequent developments might be helpful to the committee and serve to point up the need for this legislation.

The extra-long-staple cotton in the strategic stockpile was acquired in 1951-52 during the Korean conflict. At that time, a number of the items used by the Armed Forces was made from this kind of cotton. It is a specialty type fiber having, as its name implies, a very long staple. It is characterized by fineness and exceptional strength, which permits its being woven into tight, light weight, yet very strong, fabrics. Most of the high-quality sewing thread is made from this cotton.

Prior to 1950, production in this country had been very erratic and the quality of the fiber not always equal to that of some foreign growths. In 1947, the crop totaled in this country around 1,200 bales. About this time, an improved variety was introduced which compared favorably with foreign-grown cotton. With the better cotton available, the heavy Korean war demand, and the high price guaranteed farmers to produce for the stockpile, production increased sharply to about 94,000 bales in 1952. Since then, the U.S. crop has averaged from 40,000 to 80,000 bales a year.

After the Korean conflict, the Defense Department apparently reviewed its specifications for the items in which long-staple cotton was used and changed some of them to some other form of material, presumably synthetic fibers. In other instances, it may have discontinued certain items made from this cotton. The combination of the change in military specifications and the ability of the U.S. growers to produce large quantities of fully acceptable cotton resulted in this cotton being removed from the list of strategic and critical materials in 1957.

At that time, there was a shortage of extra-long-staple cotton for commercial use in this country and, at the request of the growers, Congress released 50,000 bales of the U.S.-grown cotton from the stockpile. About 43,000 bales have been sold. Once again there is a need for this kind of cotton for commercial use and the purpose of these bills would be to make it available.

About the time the 50,000 bales of U.S.-grown cotton was released in 1957, a plan was developed for the release and disposal of the remaining cotton in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act. This plan was published in the Federal Register and transmitted to Congress, but no action was taken. Although the present bills provide for a slightly different method of disposal, full and adequate public notice of the intention to dispose of the cotton has been given.

Some explanation may be needed as to the reason for requiring that the foreign-grown cotton be exported. Imports of this cotton are limited to about 85,000 bales a year under a quota established in

1939 pursuant to the provisions of section 22 of the Agricultural Adjustment Act of 1933, as amended.

In the last 8 or 10 years, the producers of this cotton have been contributing about 1 percent of their gross return to finance an advertising and promotion campaign. A rather substantial increase in domestic consumption of American-grown, extra-long-staple cotton has resulted. It would not be fair to the U.S. growers to permit foreign-grown cotton to fill the demand which they have created through their advertising campaign.

In recognition of the increased demand, the quantity of cotton which farmers are permitted to grow and sell under the acreage allotment and marketing quota was increased more than 50 percent for 1962. The 47,000 bales of American-grown cotton which would be released under the bills before you are needed to take care of the demand in the United States until the larger 1962 crop becomes available. This is the reason for the urgency in connection with this legislation.

We respectfully urge early and favorable action by this committee and the Congress. We appreciate the opportunity of presenting our views.

Mr. PHILBIN. You have made a very fine statement, Mr. Young.

Now, probably you would be in a position where you could give us some information on the market price of the cotton when it was originally acquired, and its market price now, so as to give the committee some general idea of what the range would be.

Mr. YOUNG. Yes, Mr. Chairman.

In 1951 during the Korean conflict, in order to encourage a greatly expanded production of this cotton for defense needs, the Commodity Credit Corporation offered farmers \$1.07 a pound. In 1952, I think the price offered was \$1.11 a pound.

The Government price support on the 1961 crop was about 55 cents a pound, about one-half of the price, the incentive price offered during the Korean conflict.

Because of the shortage of this type of cotton currently, the market price is some 8 or 9 cents, almost 10 cents a pound above the current Government support price. The market price is on the order of 63 to 65 cents a pound.

Mr. PHILBIN. So when this cotton is sold, there should be some profit realized by the Government?

Mr. YOUNG. No, sir; there will be a loss. You will recall I mentioned, speaking now about the American-grown portion—and I will come to the foreign-grown portion in a minute—you will recall I said the price the Government paid for the American cotton was around \$1.10 a pound on the average. The market price today is 63, 64, or 65 cents, so there is a loss of 45 cents a pound.

The \$1.10 was a premium price paid in order to increase the production from around 1,000 bales, which had been grown just prior to Korea, to get it up to almost 100,000 bales. The Government had to offer a high price to the growers in order to induce that production needed for Korea and for the stockpile.

Mr. PHILBIN. So all this cotton was acquired at a high premium price and will now be sold at the regular market price, except insofar as you have this flexible provision which would allow the Secretary of Agriculture to make sales at other than the world market price. What do you think of that provision?

Mr. YOUNG. If I may describe the foreign price situation, I will then comment on that.

The foreign cotton was bought at an even higher price than that paid domestic producers. We understand, of course, that information is classified, and we don't have access to it, but we understand the price was as high as \$1.40 a pound for the foreign-grown cotton.

Mr. Dunn, who is Director of our Foreign Trade Division, is here with me, and I would like for him to comment on the question on the opportunity for sale and the world market price, the question you just asked.

Mr. PHILBIN. Would you comment on that question, Mr. Dunn?

Mr. DUNN. Yes, sir. My name is Read Dunn, Director of Foreign Trade, National Cotton Council.

The foreign cotton was acquired at the market price prevailing at the time of purchase. The price at that time was about twice as high as the price had been, the reason being the war scare. The Korean war had caused scare buying and had driven prices up on many things, including this commodity.

The supply of the extra-long-staple cotton is somewhat reduced, presently, because of the partial crop failure in Egypt, which is the largest single cotton producing country outside the United States, and therefore it is felt that there is an opportunity to market this cotton in the world, outside the United States, without greatly disrupting those markets. I think our Government feels that it must be careful in pushing additional quantities of this cotton into the world markets because it doesn't want to disrupt the markets for friendly countries, or countries trying to cooperate.

Mr. BLANDFORD. The differential doesn't apply to long-staple cotton on the world market?

Mr. DUNN. It does not. The world market price on extra-long-staple cotton fluctuates rather widely.

Mr. BLANDFORD. There is about a 10-cent difference now between domestic long-staple cotton and the world market price, so we can anticipate a greater loss on the sale of the foreign-grown cotton than we can on the domestically produced cotton, is that correct?

Mr. DUNN. Yes.

Mr. PHILBIN. What would be the advantage of the provision of the bill giving the Secretary the right or the discretion to sell at lower than the market price?

Mr. DUNN. Lower than the domestic market price?

Mr. PHILBIN. Yes.

Mr. DUNN. I don't think he could sell it at the domestic price. He will have to meet the world market price. I don't think buyers in the rest of the world are going to buy this cotton at a higher price than they can get similar cotton.

Mr. PHILBIN. You specified the world market price. Would there be any advantage to selling at less than the world market price?

Mr. DUNN. We would certainly hope it would not be necessary to sell at less than the world market price.

Mr. PHILBIN. But that is provided in the amendment.

Mr. BLANDFORD. Only on the foreign export cotton, Mr. Chairman, not on the domestic.

Mr. PHILBIN. He would have the power to sell at less than the market price on the foreign export. What would your view be on that provision?

Mr. DUNN. Well, we think that the provision was written as it is in order to give as much flexibility as could be given to those who administer this law. It may be necessary to make some special sales provisions. You will notice that the use of the Agricultural Trade and Assistance Act, what we call Public Law 480, is included as one of the special arrangements, and it is a little hard to anticipate the supply-and-demand situation for this cotton over the period of years that is envisioned.

It is felt that if the supply increased above the demand, it might be necessary to make some special arrangements in order to dispose of it. For instance, it might be possible that you would find a case where some of this cotton could be used, let's say for the prevention of disease, unrest, or special grants to aid in emergency conditions, in which case it might be necessary to make some special concessions in order to utilize such opportunity.

Mr. PHILBIN. You think it would be desirable to have flexibility in the program to take into account the foreign markets, and also our foreign policy, and be careful not to disrupt the markets and not go counter to our foreign policy. Is that what you had in mind?

Mr. DUNN. Exactly.

Mr. BLANDFORD. At this point, Mr. Chairman, I wonder if I might ask Mr. Belsley a question in connection with the proposed amendment "concurred in by other interested Government departments and agencies."

Mr. Belsley, can we assume we are talking only about the American Government?

Mr. BELSLEY. Oh, yes.

Mr. BLANDFORD. We had a little incident involving rubber where the word "government" became extended, so we are only talking about U.S. interests.

Mr. BELSLEY. The amendment referred to other U.S. Government agencies.

Mr. BLANDFORD. We are not talking about agreements with foreign countries?

Mr. BELSLEY. No.

Mr. PHILBIN. Only our own Government departments and agencies?

Mr. BELSLEY. That is right.

Mr. PHILBIN. Are there any other questions?

Mr. DOYLE. I have one.

I am pleased to note in your statement the resulting increase in demand domestically as a result of your advertising program, and the contribution, for instance, which was related, of \$3 a bale.

Now, what relationship has this increase in market domestically for this product had to the price support, if any, that we are now making to cotton? In other words, is it still going to be necessary to continue the relatively high price for this support of cotton that we have been engaged in, or what?

Mr. YOUNG. You use the word "cotton"—

Mr. DOYLE. I am referring to this type of cotton.

Mr. YOUNG. I wanted to clear that up. It is a special type of cotton with production this season of about 60,000 bales, next season about 100,000 bales is anticipated, with a crop of 14 million bales of the Upland cotton, the more common type.

Now, I mentioned earlier that the price support on this long-staple cotton is around 55 cents. The market price is some 8 or 9 cents a

pound above that. That means that the Government will not take over any of this cotton.

Last year, on the 1960 crop, the market price was above the support price, and the Government didn't take over any of that crop. So in the last 2 or 3 years, since the full effect of this advertising program has been felt, and the market demand has been stimulated, the Government has not had to take over this cotton. There have been no losses to the Government in connection with its price support program on long-staple cotton.

To the extent that the loan is used by farmers—and there is some of this cotton under Government loan—it is used as an orderly marketing device. The farmer can put his cotton in the Government loan, borrow money from the Government on it during the harvest season when the full force of the crop is being felt on the market, and wait until later in the year to sell it at a higher price.

Now, the market price today is stronger than it was during the harvest season, and it is to the farmers' advantage to be able to use the loan to spread out the marketing of the cotton over more of the season. That is the only extent to which the loan is being used now. It is not resulting in pegging the market price.

I would like to comment, if I might, on your question about why has it taken 4 years to dispose of the 50,000 bales released in 1957.

Mr. DOYLE: But you only disposed of 43,000.

Mr. YOUNG: That is correct.

The producers of this cotton came to Washington during the fall of 1957 and asked for quick action to release the cotton. The Suez crisis had created a shortage of this cotton, and prices had advanced very sharply, and we became an exporter of this cotton for the first time—that is, a significant exporter.

The Government disposed of a large quantity of cotton in the fall of 1956, and it was running out.

The growers came in and tried to see if there wasn't some way of getting this stockpile released, but under the Stockpile Act Congress must approve.

Immediately when Congress came back in 1957, a bill was introduced, and speedy action was urged on it, but it was a minor thing in terms of the whole legislative program of the Congress, and it was July before it was enacted. By that time the supply-demand situation had reversed, prices had fallen, and there was very little demand for the cotton, so it has been sold since that time in small quantities as the crops in this country, plus imports, were not enough to meet the current demand.

We feel like we have a situation currently that approaches that of the fall of 1956, when the demand is much greater than the supply, and there is a good opportunity to dispose of the 7,000 bales that remain in the stockpile, plus a substantial portion of the 47,000 bales, if we can get quick action and have the cotton made available immediately.

Mr. DOYLE: And every thousand bales you sell reduces the cost of storage to the taxpayers?

Mr. YOUNG: Yes, plus the fact that it brings about \$300,000 to the Treasury. You see, this cotton will sell for about \$300 a bale.

Mr. PRICE: I wonder if you will elaborate a little on the history of this type of cotton. I notice in your statement we didn't begin to develop this type of cotton in this country successfully until about

1947, so that we had a grade that compared favorably with foreign grown. What is the story on this? Why were we so far behind in this type of production?

Mr. YOUNG. Well, it was a question of quality. I don't know that I know the answer to that. Perhaps Mr. Dunn can answer that.

Mr. DUNN. It is just that nobody in the United States had paid particular attention to developing this special quality of cotton, and the needs of the military during the war were what really forced the attention of the producers to this particular quality of cotton and caused research to be concentrated on such production.

It was during that period of military need when the quality started to be improved, in terms of the quality of the fiber itself, and the next need was to improve the yield factor so you could get the cost of production down.

The growers devoted a great deal of effort to this. When the growers began to see the opportunity for commercial markets, then they put even greater efforts forward to improve the quality of the fiber, to increase the yields, and those other factors which would get their costs down to enable them to compete in the market.

Mr. YOUNG. I think there is one other point, Mr. Chairman. There are so many problems in agriculture that need research attention, and this commodity represented such a small segment of agriculture, and limited to a small area, that they just didn't get sufficient funds and sufficient effort in research to improve the quality until after World War II, as Mr. Dunn has recited.

Mr. PRICE. You would think some of our famous agricultural schools would have gone into this much earlier.

Mr. YOUNG. It is just a question of priorities. You see, this type of cotton is not the big income producer in the areas where it is grown as is the regular upland type, and their attention which was limited by funds available properly went to the other kind of cotton and other crops which brought more income and affected more people. Their attention was first directed to those, and later, as a result primarily of wartime stimulated demand, to this type of cotton.

Mr. PHILBIN. Are there further questions?

Mr. DOYLE. One question.

Mr. YOUNG. Incidentally, there is a new variety coming out that is supposed to further improve quality and reduce cost of production. It is to be introduced in the next year or two, so attention is being given now, and it has been stimulated by the interest of the growers in their advertising program and this general expansion.

Mr. DOYLE. You mentioned the matter of not sufficient profit on this long-staple cotton as compared with the other, I take it. What is the comparative profit now on the present market of the type of cotton that most of the growers grow as compared with this?

Mr. YOUNG. Mr. Doyle, I can't answer your question directly. I can only do it indirectly and say if given the choice between growing the two kinds of cotton, they will grow the regular upland type, so that indicates there is more profit in it. The yield of the upland cotton is about double, or a little more than double in the areas where both cottons are grown.

Mr. Rickman, who is going to testify before you in a few minutes, grows both types, and I believe he could respond to your question a little better than I could, sir.

Mr. PHILBIN. Are there any further questions?

MR. HALL. What effect does the other bad word, long-fiber synthetics, have on the necessity for unloading this as rapidly as possible? Is that another factor, as well as the foreign production and the present available market that is coming into the picture of long staple production?

MR. YOUNG. Yes, sir; I don't think there is any question about that. I mentioned, and a previous witness mentioned the fact that some substitute fibers, synthetic fibers, had been substituted for uses of this kind of cotton by the military, and it is being done in commercial use—typewriter ribbons, as an example, and there are a number of others where the synthetics compete for a number of other uses.

MR. HALL. This was just a matter of information, Mr. Chariman.

MR. PHILBIN. And the higher the price of the cotton, the more competition you have from synthetics; that would be true, so that in effect some of your programs now are lowering the demand for the natural cotton and increasing the demand and usage of synthetic fibers.

MR. YOUNG. Yes, sir; and that is more particularly true in connection with the regular upland type cotton, where in the last year or two the price has gone up as a result of changes in the price support program, and we are suffering competitive losses, very heavy competitive losses to synthetics.

MR. PHILBIN. Doctor Hall?

MR. HALL. I would simply point out this would make even more apparent the need for haste in disposing, while we can, at a relatively good price, even at some loss to the Government, of this surplus stockpile.

MR. PHILBIN. If there are no further questions, thank you very much. You have given us a fine statement.

MR. YOUNG. Thank you, Mr. Chairman.

MR. PHILBIN. The next witness is Mr. H. M. Rickman, president of the SuPima Association.

Will you come forward, Mr. Rickman. We will be glad to have your testimony.

MR. RICKMAN. Mr. Chairman, and members of the committee, it is a pleasure to appear before you gentlemen.

My name is H. M. Rickman. I am president of the SuPima Association of America, and also a grower. The SuPima Association is the organization of the U.S. extra-long-staple-cotton growers. It was founded in 1954 by farmers in order to stabilize the production and the industry and to build a permanent and expanding market for American-grown extra-long-staple cotton. We support the bills before the committee providing for the disposal of extra-long-staple cotton in the strategic and critical materials stockpile.

These bills would require that the foreign-grown portion of the stockpile be disposed of in export markets. That part of the stockpile grown in the United States would be available for sale on the domestic market. This arrangement, we think, is fair to all, particularly to the American farmers who produce this cotton.

Farmers producing approximately 86 percent of the crop have voluntarily contributed \$3 a bale through the SuPima Association. This money is used for research and promotion of products made from U.S.-grown extra-long-staple cotton.

As a result of these efforts, the consumption of SuPima cotton has increased sharply. In the early 1950's, the consumption of U.S.-grown

extra-long-staple cotton was less than 10,000 bales. Last season, it was over 72,000 bales.

For the first 8 months of this season, 64,000 bales of this cotton have been consumed and all indications are that consumption for the full season will be about 100,000 bales.

Increased demand for this cotton has resulted in a substantial increase in the 1962 acreage allotment for extra-long-staple cotton. However, it is necessary that the approximately 47,500 bales of U.S.-grown extra-long-staple cotton in the stockpile be released in order to meet the demand until the 1962 crop is available.

At the same time, it is equally necessary that the foreign-grown part of the stockpile be available for export sales only. Extra-long-staple cotton was stockpiled in the United States during the Korean war as a necessary war material. Of the approximately 219,000 bales stockpiled, the United States bought about 172,000 bales from foreign countries, principally Egypt. Except for relatively small amounts, all of the foreign-grown cotton was placed under bond and not entered for consumption in the United States.

Since it was purchased as a war material that is no longer considered as essential to this country's defense because of the stable domestic production, the cotton should not be permitted to enter domestic trade channels.

The program of the SuPima Association would be completely undermined if the foreign-grown cotton were allowed in this country to fill the demand for extra-long-staple cotton which American growers have created.

We appreciate this opportunity of presenting our views and respectfully urge this committee and the Congress to act favorably on this legislation.

Mr. PHILBIN. Thank you very much.

You interpret that the bill will permit orderly disposition of the cotton, and that it will not affect your industry adversely, and that is the principal reason why you are supporting it, and, of course, you have the national interest in mind also.

Mr. RICKMAN. Under the provisions of the bill, Mr. Chairman, we feel that the producer is protected because for the users of this cotton to avail themselves of this cotton, it is necessary for them to pay 115 percent of the support price plus accrued charges, which will protect the grower approximately 8 cents a pound above the support price on this particular type of cotton which this year is set at 53.17 for the average of the crop.

Mr. PHILBIN. You have no fear that disposition of this cotton at this time will disrupt your markets?

Mr. RICKMAN. Mr. Chairman, we were the ones that urged our Congressman to present this bill, because we feel that we need it to supply the demands in the trade that we have created.

Mr. PRICE. The growers themselves suggested this legislation?

Mr. RICKMAN. Yes, sir.

Mr. PHILBIN. You have made a fine statement.

Are there any other questions?

Mr. PRICE. Where did you get the name of "SuPima"?

Mr. RICKMAN. It is a combination of superior pima—SuPima.

Mr. PHILBIN. It is the best pima we can raise?

Mr. RICKMAN. According to the tests of the U.S. Department of Agriculture, the cotton we grow is equal to or superior to any foreign-grown cotton.

Mr. LANKFORD. You feel that you have created a demand for this product, and if the demand is not fulfilled that the demand will evaporate—is that what is the thinking behind your request that this cotton be put on the market?

Mr. RICKMAN. Mr. Lankford, we have induced some of the outstanding merchandising companies in the United States to enter into this SuPima program. If we can't supply them with a stable supply of this cotton—it takes thousands of dollars to enter into one of these programs, the advertising, and so on—and if we can't supply them with a supply of this cotton, they will leave the program, we will never be able to get them interested again, nor any other large companies because they would inform us that we couldn't supply them a stable supply.

Mr. LANKFORD. And at the present rate of production it is not sufficient to supply this demand?

Mr. RICKMAN. That is right, sir. Last fall we presented figures to the Department of Agriculture that we felt warranted a 122,000-acre allotment, but because of these surplus supplies in the stockpile, those gentlemen felt that we were asking for a little bit too much. We only received a little over 100,000-acre allotment, which is contributing to the trouble that we are in today.

Mr. PRICE. And how many did you request?

Mr. RICKMAN. We requested an allotment of 122,000-odd acres.

Mr. BLANDFORD. Which was an increase over what you had?

Mr. RICKMAN. Fifty-seven percent.

Mr. BLANDFORD. Might I ask that you run through again what this cotton will sell for on the local market? The bill says may sell under the minimum pricing provisions of section 407 of the Agricultural Act of 1949.

You indicated that it would sell at 115 percent of parity.

Mr. RICKMAN. That is the law.

Mr. BLANDFORD. Is that 407 of the Agricultural Act of 1949, or does the word "minimum" enter in?

Could they sell this cotton at a lesser price?

Mr. RICKMAN. No, sir; it has to sell at not less than 115 percent of the support price.

Mr. BLANDFORD. That is what you are selling it for now?

Mr. RICKMAN. Of course, our current crops are moving, and if we ever do avail ourselves of the loan program, as has been explained here. For your information, I am a grower, and I have grown cotton since 1931. I was growing cotton before we had any of these Government programs. I think the support-price program that we have is one of the greatest things that ever happened to the farmer, as long as it is used as it was intended, as long as it is geared to the market price, because before we had that support-price program, at the marketing time of the year we always had our lowest prices, and as you gentlemen know, every one of us farmers have to borrow money to produce. The notes were always made to fall due at harvesttime.

Oftentimes it was necessary for us to market our crop at the lowest market price of the year.

This support price has enabled the farmers to borrow money from the Government to retire our indebtedness, and then to pay back the

Government loan and orderly market our crop during the marketing year.

Mr. BLANDFORD. What will this cotton sell for from GSA as compared to what you will sell cotton for—the same price, or will there be a difference?

Mr. RICKMAN. This cotton will be sold, under the provisions of the bill, and will have to bring 115 percent of the support price.

Mr. BLANDFORD. At least that, but can bring more?

Mr. RICKMAN. It can bring more.

Mr. LANKFORD. I want to have in mind whether this is going to be sold at premium, or less than the market price.

Mr. RICKMAN. It has to comply with the regulations of the Commodity Credit Corporation which stipulates it has to bring at least 115 percent of the support price.

Mr. PHILBIN. Are there further questions?

Mr. LANKFORD. If I might ask a question, Mr. Rickman, just from personal curiosity—how is the cotton sold, at auction, like tobacco?

Mr. RICKMAN. Mr. Lankford, cotton isn't marketed like that any more. We have representatives of the different cotton factors that come into the field and buy direct.

Personally, I market through a cooperative marketing association in El Paso, Tex., which has been in operation since back in the 1920's. and has been a very successful marketing cooperative for the farmers down in our area there. There is very little activity in any of the cotton markets today.

Most of the cotton is sold direct to the cotton factors, either directly, or through sales agencies.

Mr. LANKFORD. It is a negotiated sale, then?

Mr. RICKMAN. Yes.

Mr. PHILBIN. Are there further questions?

Mr. HALL. It is sold by the bale?

Mr. RICKMAN. By the pound.

Mr. HALL. But usually in bales.

Mr. RICKMAN. Yes, sir.

Mr. HALL. Humidified or dehydrated bales?

Mr. RICKMAN. Well, they are just field run. In certain areas there is a larger moisture content, and in our area, especially in the Southwest, where we have a small degree of humidity, at all times of the year, our cotton has very little moisture content.

Mr. HALL. But doesn't it pay sometimes to ship it up to some of the caves in the Ozarks so it gets humidified before it gets on the market?

Mr. RICKMAN. I imagine it would, sir.

Mr. HALL. I am not being facetious; this happens as we all know. What I am trying to get at is, Will this turned to Commodity Credit be sold wet or dry?

Mr. RICKMAN. Well, for your information, the law provides that a buyer of any of this stockpile cotton has the right, I think, of calling for a reclass—in other words, they will call a sample and they will check the present grade against the grade of the cotton at the time that it went into the hands of the Government. If there has been any deterioration in the grade, it will be taken into consideration.

Mr. HALL. That is what I wanted the committee to hear, Mr. Chairman, and it is an important factor.

Furthermore, how much deterioration is there in, for example, the Egyptian long-staple cotton that we bought 10 years ago or 12 years

ago, now, during the Korean incident? Has it deteriorated in tensile strength or brittleness, humidity or otherwise to the point where it will have to be discounted on the world market, or do we know that?

Mr. RICKMAN. Mr. Hall, that is an unknown factor, since I don't know that there has been a bale of this Egyptian cotton disposed of.

Mr. HALL. Tell me, in addition to the derivation of the name of the SuPima Association, I would like to know just a little bit more about it.

Do I understand it is what we commonly think of as a cooperative marketing association?

Mr. RICKMAN. We are not a marketing association, Mr. Hall. As the boys gave you the background, the Government came to us during World War II, they came to us again during the Korean conflict, and asked us to produce this type of cotton. Inasmuch as it takes an extra-long growing season our area of Arizona, southern New Mexico and West Texas, are the only areas in the United States that have a climate where we can mature this particular type of cotton.

At that time, it was a strategic material.

Mr. HALL. I just want to know about your organizational relation.

Mr. RICKMAN. It entailed considerable expenditure of funds for processing plants, and so forth; so after the Korean conflict, after we had invested considerable money in machinery and processing plants, and talking with the users of this cotton, it was determined that there was a need for the extra-long-staple industry in this country, so we formed our organization.

We have a New York office staffed with promotion and fashion experts that promote our cotton with the trade. We have an office in El Paso, where we do the housekeeping for the association. There are no paid executives in the organization. I have been president, this is for the fourth year.

We pay none of our organization a salary. Our members voluntarily contribute \$3 a bale on each bale that they grow for this fund to promote and advertise this cotton.

We felt that if we did establish it, it would be additional income to the fellows that could grow it.

Mr. HALL. I have nothing but the highest admiration for that. That is the essence of free enterprise, helping yourself, incentive in marketing your product in the open marketplace, and building a better mousetrap, so to speak, and I have nothing but commendation for your association and what you did in patriotic response to Government demands when it was necessary, and I have the greatest belief in your right to a profit for what you have done, and I want to make that clear.

But are you related, for example, to the Arizona, Texas, or New Mexico Farmers' Association?

Mr. RICKMAN. No; we are a separate organization altogether.

Mr. HALL. Are you related to the Grange, the Farm Bureau?

Mr. RICKMAN. No. Chances are most of our members may be members of the Farm Bureau or the Farmers Union, or the Grange, but that has nothing to do with the SuPima Association. It is a separate organization. We work with other agricultural organizations, such as the National Cotton Council, where their efforts are along the same lines that we are trying to pursue.

Mr. HALL. I am asking for information, Mr. Rickman. We do the same thing with dairy products up in the association, and put a

lug on the members, voluntarily, to combat this business about cholesterol, and some of these other false statements about radiation in milling and dairy products, but what I——

Mr. PRICE. Do you act as a medical man on that?

Mr. HALL. I sure do, yes, sir; but I wanted to know about the interrelation of your organization, not only to the cotton council, but to these other farm organizations.

Mr. RICKMAN. Well, Mr. Hall, we do cooperate where we do have the same purpose, and try to work with all farm organizations.

Mr. HALL. I was interested in your statement, and again I hope this is in the spirit of helpfulness. You are interested in leveling the marketing throughout the year. Based on original cost stimulus for producing this long-staple cotton, and supports, premiums, the long storage as a critical commodity, the ability that the Government has in dumping this to influence not only your market, but perhaps world markets, and the business of the State Department in establishing quotas, or not, would you say it is a fair statement the Government has got you into this pickle and it is now up to the Government to get you out by use of such judicious legislation at this particular time?

Mr. RICKMAN. Mr. Hall, I would say as far as the extra-long-staple cotton is concerned, we are in a different situation than you might be with other agricultural products is that we were an infant industry to start with, and we have not been subjected to some of the things that have happened to other agricultural commodities under the different farm plans.

We feel, and the Congress has gone along with us—we have come to the Congress on two different times and asked for a reduction in the support price on this particular cotton, realizing that to have a stable industry we would have to be competitive, as far as possible, and Congress has gone along with us, and I wouldn't say that we have been abused. I think that we have been helped in that we had a developing industry; oftentimes when supports were set they were with the intention possibly of helping us when it was determined that we felt that the supports were too high we came to the Congress, and then were helpful in lowering the support price.

We have asked that the support price be held constant for the last 2 years, which has been practically constant at 53.17 for the last 2 years, for the average of the crop.

Does that answer your question, sir?

Mr. HALL. It was a good statement.

Mr. PHILBIN. Are there further questions?

You have been a most articulate spokesman for your association, and we thank you very much for the expert opinions you have given us.

The next witness is Mr. Gustave Burmeister, assistant legislative director of the American Farm Bureau Federation.

We are very glad to have you here, Mr. Burmeister.

Mr. BURMEISTER. My name is Gustave Burmeister, assistant legislative director, American Farm Bureau Federation.

We appreciate the opportunity of presenting the views of the American Farm Bureau Federation with respect to the sale and disposal of Government stocks of extra-long-staple cotton as proposed in H.R. 10428. There wasn't any particular reason for picking 10428,

as I understand the bills are almost the same. We favor the enactment of this bill.

Farm Bureau is an organization of 1,600,000 farm families who are voluntary members of 2,674 county farm bureaus in 49 States and Puerto Rico.

Mr. PHILBIN. If I may interrupt you for a moment, you are in favor of the enactment of this bill or any of the companion bills; is that correct?

Mr. BURMEISTER. That is right, sir.

The domestic producers of extra-long-staple cotton have done an outstanding job in developing a program for expanding the production and consumption of this quality product.

Many of the producers of this type of cotton are members of Farm Bureau and we are always happy to assist them in the solution of their problems.

It is our understanding that currently the stockpile of extra-long-staple cotton consists of about 48,000 bales of domestically produced cotton and about 173,000 bales of foreign grown, mostly Egyptian.

H.R. 10428 provides that the total quantity would be transferred to the Commodity Credit Corporation for disposal under certain conditions.

The domestic portion would be sold only for unrestricted use at prices not less than the minimums provided for in section 407 of the Agricultural Act of 1949, as amended. This generally means that cotton cannot be sold for unrestricted use at less than 115 percent of the current support price plus reasonable carrying charges.

The foreign-grown portion would be sold or disposed of only in the export market and could be considered as domestic cotton for the purposes of sale or disposal under Public Law 480 arrangements.

It appears to us that there could not be a better time to dispose of these stocks. Demand for extra-long-staple cotton is increasing. Domestic producers have done an exceptionally good job of market research and promotion. They have succeeded in developing the right kind of production and pricing program, which has resulted in improving both the quality of their product and their competitive position.

Currently the domestic supply situation is such that before the 1962 crop becomes available, it is possible that some of the stockpile cotton can be sold for domestic use. Some are of the opinion that a sizable amount of the domestic portion in the stockpile can be sold this year. Recently market prices for this kind of cotton have averaged from 10 to 15 percent above supports.

Because of a short crop in Egypt this year, the foreign supply situation has also tightened. Production declined there by about 700,000 bales, and it is reported that most of the relatively small crop has already been sold. This decrease was offset in part by an increase in production in the Sudan by about 325,000 bales, while Peru shows little change.

Thus, it now appears that there will be a good opportunity to sell for export some of the foreign-produced portion of the stockpile this year in foreign markets. We recognize, of course, that care must be exercised in carrying out any such program, because it would be undesirable to disrupt unduly the foreign market situation and cause undue hardship to friendly foreign producers of this kind of cotton.

In closing, may we say that we believe the enactment of this legislation is timely and urgent. It will not only relieve the Government of some financial burden but it will be helpful to domestic producers in carrying out their program of market development and production adjustment.

Thank you for the opportunity of presenting Farm Bureau's views.

Mr. PHILBIN. Thank you very much, Mr. Burneister. You have made a very fine statement.

I do not have any questions. Are there any questions by any of the other members?

Thank you for appearing before us.

The next witness is Mr. Donald J. May, American Cotton Manufacturers Institute, Inc.

Mr. May, we are glad to have your testimony this morning.

Mr. MAY. I am Donald J. May, director of the Economic Information Division, and staff secretary to the Extra Long Staple Cotton Committee of the American Cotton Manufacturers Institute.

We appear before you today in support of favorable action on H.R. 10296, and the other related bills.

The American Cotton Manufacturers Institute is the central trade association for manufacturers of textiles from cotton, manmade fibers, and silk. ACMI member mills also constitute the major users of extra-long-staple cotton.

An apparent growth trend in the use of these cottons has been developing for several years, and accelerated current rates of consumption are reducing available supplies.

ACMI's Extra Long Staple Cotton Committee has studied thoroughly the current supply-demand situation. In a letter to the chairman of the House Armed Services Committee dated April 3, 1962, the mill users of extra-long-staple cotton requested early favorable action on H.R. 10296 to make available the American-grown extra-long-staple cotton from the strategic and critical materials stockpile to help avoid a tight supply situation.

We reaffirm this support of H.R. 10296 and related bills and respectfully request early favorable action by the committee on the bill.

Thank you, Mr. Chairman.

Mr. PHILBIN. Thank you very much, Mr. May. You have given us a very fine statement.

Are there any questions?

Mr. LANKFORD. Is there anyone opposed?

Mr. PHILBIN. We do not have any witnesses in opposition here this morning.

Mr. BLANDFORD. I don't believe we have any witnesses in opposition at all.

Mr. PRICE. I think the committee also appreciates the fact that all the statements this morning were brief and very much to the point.

Mr. PHILBIN. Yes; I think that is a very good comment. They say that brevity is the soul of wit. We have not only this brevity this morning, but have also had some very finely expressed views that have been very helpful to the committee.

Mr. BLANDFORD. Mr. Chairman, at this point we have completed the witnesses on the long-staple cotton, unless there are other witnesses in the audience who have not requested to be heard, and we would conclude the hearings on this bill. We will then go into the concurrent resolution as the next order of business.

Mr. PHILBIN. Has everybody who wanted to be heard today been heard? Is there anyone present who desires to be heard on this bill, or with respect to any of the bills that relate to long-staple cotton?

If there is no one waiting to be heard, then we have concluded all the witnesses with regard to the long-staple cotton bills.

Mr. BLANDFORD. That will terminate the hearings on them.

Mr. PHILBIN. We will terminate the hearing on long-staple cotton. We will now suspend until 2 o'clock this afternoon.

Mr. PRICE. Does the concurrent resolution cover the same subject?

Mr. BLANDFORD. No; the concurrent resolution covers everything from tin to castor oil.

Mr. LANKFORD. Including silk noils.

Mr. BLANDFORD. The legislation for long-staple cotton is one that waives the 6-month Federal Register requirement, transfers the cotton to Commodity Credit Corporation, and thirdly, there are variations in the procedure because you are dealing with both foreign-grown cotton and domestic cotton. This required legislation because of the Stockpiling Act.

The concurrent resolution will be in accordance with the Stockpiling Act which sets up a procedure for disposal.

Mr. PHILBIN. There is no opposition to these bills.

Mr. BLANDFORD. No, sir; no opposition.

Mr. PHILBIN. If it is agreeable to the committee, we will terminate hearings on these bills, and will suspend until 2 o'clock.

Mr. BLANDFORD. And have an open meeting at 2 o'clock on the current resolution?

Mr. PHILBIN. That is right.

(Whereupon, at 11:50 a.m., the subcommittee adjourned until 2 p.m. the same day.)



[No. 59]

FULL COMMITTEE CONSIDERATION ON H.R. 6664, H.R. 8333, H.J. RES. 559, H.J. RES. 656, H.R. 10595 H. CON. RES. 473, H.R. 10937, H.R. 11743, A BILL TO AMEND THE PROVISIONS OF TITLE III OF THE FEDERAL CIVIL DEFENSE ACT OF 1950, AS AMENDED, AND OTHER COMMITTEE BUSINESS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, D.C., Wednesday, May 15, 1962.

The committee met at 10:16 a.m., Hon. L. Mendel Rivers (acting chairman) presiding.

Mr. RIVERS. Let the committee come to order.

The chairman was called to the White House this morning, so he has asked me to told the committee meeting for him. And we have a rather heavy agenda.

So, from my own subcommittee, we have four bills to report. I am going to ask Mr. Blandford if he would make that report for me. They are not long.

Mr. Blandford, would you make your report for Subcommittee No. 1?

Mr. BLANDFORD. Yes, sir. The first bill is H.R. 6664, which is a bill to authorize the commandant of the Judge Advocate General's School to award appropriate graduate legal degrees and credits.

This school has been in existence since 1951. They conduct a full course. It is the only school of its kind in the Nation. And the bill as amended by the subcommittee will permit the award of graduate legal degrees.

The bill has been approved by the American Bar Association and Congressman Albert and Congressman Pirnie both testified in favor of it. Congressman Albert and Congressman Pirnie introduced the bills considered. The American Council on Graduate Schools appeared in opposition to the bill, but offered the suggestion that if it were amended by adding the word "legal degrees," so it would be limited to legal degrees, they would not have any objection. The Department had already recommended that it be limited to graduate degrees. So we incorporated both recommendations and made them graduate legal degrees.

There would still be some opposition, perhaps—there is still opposition from the American Council. However, the graduate schools of the Nation, some 250 of them, have no objection to the bill now in its present form. It has been endorsed by everyone who is familiar with it, particularly the American Bar Association, and, after all, it is the American Bar Association and their accrediting committee which is the important committee with regard to the standards under which these degrees will be awarded.

There will be 100-and-some-odd degrees awarded for past schooling, and there will be degrees awarded in the future under very high standards which must be approved by the accrediting committee of the American Bar Association.

The bill is favored by the Department of the Army, on behalf of the Department of Defense.

Stated briefly, the proposed legislation would permit the commandant of the Judge Advocate General's School, upon recommendation of the faculty, to award appropriate graduate legal degrees and credits to persons who are enrolled at that time who fulfill certain requirements. Since these persons have undergraduate degrees, the Department recommended that the bill be amended by inserting the word "graduate" before the word "degree" wherever it appears in the bill.

In addition, Dr. Gustave O. Arlt, representing the Council of Graduate Schools of the United States, who originally appeared in opposition to the proposed legislation, stated that his organization would have no objection to the proposed legislation if the degrees were restricted to graduate legal degrees. Since the Department of Defense recommended the word "graduate," and since the Council of Graduate Schools of the United States recommended limiting the degrees to legal degrees, the subcommittee amended the bill so as to restrict the degrees to graduate legal degrees. The Department of Defense offered no objections to the proposed legislation as amended.

There is precedent for the proposed legislation, in that the Superintendents of the Military Academies may confer bachelor of science degrees upon graduates, and the Superintendent of the Naval Postgraduate School may confer bachelor's, master's, or doctor's degrees in engineering or related fields, and the commander of the Air University, is authorized to confer appropriate degrees upon graduates of the Resident College of the U.S. Air Force Institute of Technology.

MR. RIVERS. Now, all of these students at this Institution have already got their bachelor degrees.

MR. BLANDFORD. They all have LL.B.'s; yes sir.

MR. RIVERS. So the recipients of these degrees will be men who have already gotten their bachelorate degree.

MR. BENNETT. Wouldn't it be better to say degrees in law, rather than legal degrees, which has an ambiguous manner meaning degrees which are legal and degrees which are illegal.

MR. BLANDFORD. Well, the representative of the Graduate Schools of America, who is in this business, recommended the word "legal," so we didn't go beyond that.

MR. BENNETT. Let us have the record make it real clear so there won't be any ambiguity in the backup information, that these don't mean legal degrees in the sense they are proper degrees, but legal degrees in the sense they are in law.

MR. BLANDFORD. Yes; I think that is understood.

MR. COHELAN. Mr. Chairman.

MR. RIVERS. Yes, Mr. Cohelan.

MR. COHELAN. Mr. Chairman, as the committee may know, I am a strong supporter of the Judge Advocate General's School.

I have some questions here. I am a little disturbed by the report of Mr. Blandford, because I got the impression that this perhaps is not going to be an accredited operation, not in relation to the law, but in relation to educational institutions, that is, schools of law.

Now, I would like to have someone expand on that and I would like to get it very clear.

Mr. PIRNIE. Mr. Chairman, may I answer that?

Mr. RIVERS. Wait a minute.

Mr. Blandford, can you—we have some—

Mr. BLANDFORD. I think, Mr. Cohelan, that your question involves the matter of whether, say, the Council on American Education would look with favor upon these degrees. I don't think that is the issue, really.

The question is whether the people who are in the business will recognize this as a valid degree. The people that are in the business are the American lawyers. And the American Bar Association, who have an accrediting committee, have approved the awarding of these degrees, and are in favor of this school.

Actually, all this basically boils down to is adding to the dignity and prestige of military lawyers. Whether or not this would be useful to them in later life, if they retired or left the service, is questionable. But from that viewpoint, these degrees will be of value to these people during their military service. And whether or not they are accredited by the American Council on Education for future purposes seems to be rather immaterial insofar as the purpose of the bill is concerned.

Mr. COHELAN. Well, I understand the gentleman's observations very well. And I know that the gentleman himself is a very distinguished lawyer. And I know that he holds the law in very high regard and recognizes it to be one of the great social sciences and arts.

Now, isn't it true that this very same advanced study, which is essentially what it is, in this very, very profound field, could be done at our standard colleges and universities?

Mr. BLANDFORD. I doubt very much—

Mr. COHELAN. We are giving doctor of law degrees, and master of law degrees at our institutions of higher learning, and any qualified lawyer can get admission to those graduate schools and get the same things.

Now, this is the point I am getting at. It seems to me quite material whether or not in the discipline of the law at the advanced level of study, that this kind of an institution that we are creating is accepted in the corporate body of scholars in this field.

Mr. BLANDFORD. Well, Mr. Cohelan, I would raise the same question, then, with regard to Naval Academy degrees, Air Force Academy degrees, the Post Graduate School at Monterey, and the Air University at Montgomery. We have precedent for it.

Mr. PIRNIE. I can give the answer to that.

Mr. RIVERS. Mr. Pirnie is the author of this bill which is being considered. Mr. Pirnie was one of the first members of the Board of Visitors. Mr. Pirnie has grown up with the school from its inception. So, Mr. Pirnie, you see if you can shed any light on this problem.

Mr. PIRNIE. I think I can. I think Mr. Cohelan is right.

Now, it was approached from that angle. This bill has the approval of the Association of American Law Schools, who made their investigation. And every recommendation which they made was incorporated, so as to improve curriculum and all of the disciplines with which you might be concerned. So it does meet those standards.

Mr. RIVERS. And the curriculum at this school far exceeds that of any other school anywhere in this area.

(Mr. Pirnie nods.)

Mr. RIVERS. The numbers of hours required in these subjects are far more than any school.

Mr. BENNETT. It is very specialized.

Mr. RIVERS. Yes.

Mr. BENNETT. It is not the sort of thing you would get at some other school.

Mr. COHELAN. Would the gentleman from New York yield to me for a question?

Mr. PIRNIE. Yes.

Mr. COHELAN. I am wondering what kind of degree is contemplated.

Mr. RIVERS. Master of law.

Mr. COHELAN. Master of law degree.

Mr. BLANDFORD. Basically, master's, but not limited to that.

Mr. OSMERS. Mr. Chairman.

Mr. RIVERS. Mr. Osmers.

Mr. OSMERS. I want to get some information, and then I want to ask a question of Mr. Pirnie.

First, I want to ask, sir, if the bill would permit graduates in prior years to be awarded?

Mr. BLANDFORD. It would.

Mr. OSMERS. It would, and I think that is fair, that they should.

And the second question that I would like to ask—I wonder if Mr. Pirnie would tell the full committee what he has told me about a very important byproduct in the law that comes about as a result of this school. I think it is very important to a layman like myself, at least.

Mr. PIRNIE. I would be very glad to.

The thesis of work at the school is of great importance to the Judge Advocate General's Department, because the pressure of work prevents the type of study which advances the administration of the law.

So the very difficult subjects in the development of worldwide responsibilities in the Judge Advocate create these particular studies that are assigned to these graduate schools.

So when you read the theses that are submitted, you find a very solid background for constructive action on the part of the Judge Advocate General, in moving ahead in the field of military law responsibilities.

Mr. COHELAN. Would the gentleman yield to me for a question?

Mr. PIRNIE. Yes.

Mr. COHELAN. Can the gentleman assure me—because I don't want to belabor this thing. Can the gentleman assure me that the standards of admission to this graduate school are going to be consistent with the equivalent standards of admission in other graduate schools throughout the country?

Mr. PIRNIE. Yes, they are even higher.

Mr. RIVERS. Even higher.

Mr. PIRNIE. According to Mr. Kirby, who is the chairman of the Committee for the American Bar, who examines schools, all American law schools, he finds in his report that the standards of selection and of instruction are higher than any institution.

Mr. COHELAN. And would the gentleman comment on the curriculum, that is, is the curriculum in the graduate school going to be roughly equivalent to the one pursued?

Mr. RIVERS. It is even greater. I wish in your discussion you would also mention the comparative law field.

Mr. PIRNIE. Yes.

That is becoming tremendously important because of our dealing with the nations of the world. Mr. Blandford has the entire curriculum there. You might just skeletonize that with the scholars.

Mr. RIVERS. Read that.

Mr. BLANDFORD. I think it is very interesting, Mr. Pirnie, and Mr. Cohelan. This school will be teaching a curriculum probably that has no comparison with any other law school in the country. It teaches military justice, of course. It is 194 hours. But then it teaches military affairs. And this is where the student becomes proficient in the field of administrative law, which pertain to the Military Establishment and the regulations under which the military must operate. And also goes into the questions of retirement law, separation laws—many fields that are peculiar only to the military.

Then there is a course of 112 hours on a subject which is dear to the heart of this committee, and that is procurement. And I doubt whether there is any law school that teaches procurement law in this manner, which is peculiar to the military, and yet the military are spending billions of dollars every year.

Civil and international law, 192 hours. This instruction is comparative law, international law, jurisprudence, claims, legal assistance, litigation, civil affairs, and things of that nature. This is a very far-reaching course for these people, many of whom will spend a lot of time overseas. Comparative law. This is vital to these lawyers who will be engaged in status of forces agreements, and things of that nature overseas.

International law, which is becoming perhaps more important with each passing day as the world shrinks in size.

Claims. Here we have the Federal Torts Claims Act. These lawyers will be dealing with the Federal Torts Claims Act on many occasions.

Legal assistance to military personnel. This is a peculiar course of its own for military personnel.

Litigation in itself as a course. This again is the Federal Torts Claims Act, and, of course, ties in with the Department of Justice.

There is a course on lands, land acquisition, and land disposal, as we know is a very important matter, and this is also peculiar to the military, and yet we know the military has tremendous land holdings throughout the United States and throughout the world.

Civil affairs in domestic emergencies, which are peculiar to the military—separation, divorce, and things of that nature which are very important.

This is the type of curriculum that is taught in this school.

Mr. COHELAN. Would the gentleman comment on how you are going to get instructors for these subjects?

Mr. BLANDFORD. They have the instructors. They have 21 instructors.

Mr. PIRNIE. Well, would the gentleman yield?

Mr. BLANDFORD. Yes, sir.

Mr. PIRNIE. You might be interested to know that quite a few of the law schools have drawn upon this faculty and certain men that are retired, so as to become members of their faculty.

So it has a very high standard of instruction. All of the men are selected on the basis of their capabilities to instruct. And they are very strictly monitored.

I went through these classes and I found that the techniques of instruction were way in advance of my own law school and of any law school that I saw. And that was true according to the other members of the Board of Visitors, which included the dean of the Northwestern University, a professor from Cornell, a professor from New York University, and also North Carolina. So that our Board of Visitors has generally been composed of educators. I was about the only one who was just a member of the profession.

Mr. COHELAN. Will the gentleman from New York advise me on whether or not this bill was considered before, and, if so, what happened to it?

Mr. PIRNIE. You wish me to answer? I can give that.

Mr. BLANDFORD. Go ahead.

Mr. PIRNIE. But it was before my time here.

Mr. BLANDFORD. Yes.

Mr. PIRNIE. A measure was introduced and came up for hearings, and at that time the president of Harvard and the president of Cornell sent letters here which they thought it was inappropriate for any Federal institution to give degrees.

I went to the president of Cornell to discuss with him the situation, and I felt that he was very much impressed by this fact, that there wouldn't be any other school in the Nation which could give this type of instruction.

Certainly, there are instructions giving advanced degrees in law, but they could not beam toward military subjects because they couldn't afford to do it. They couldn't provide the instructors, and they couldn't spend the time in this limited field. They wouldn't be attracting the personnel to support it.

So we made it very clear that the educational standards which were being met there were very, very high. And I gained the impression that the president of Cornell at least found the picture entirely different than he had been led to believe.

Mr. RIVERS. Is there any further question, Mr. Cohelan?

Mr. COHELAN. I am just wondering—one final point. I am just wondering if it isn't possible to give something less than a master's degree?

Mr. RIVERS. No.

Mr. PIRNIE. No.

Mr. BENNETT. They already have a bachelor's degree.

Mr. RIVERS. They got baccalaureate degrees.

Is there objection?

(No response.)

Mr. RIVERS. Without objection, H.R. 6664 is approved by the committee.

The next one, Mr. Blandford.

Mr. BLANDFORD. The next bill is H.R. 8333.

The purpose of this bill is to amend title 10 of the United States Code so as to provide that members of the Armed Forces shall be retired in the highest grade satisfactorily held in any armed force.

This is a rather peculiar situation which comes about as a result of a Comptroller General's decision.

It so happened that if an individual served, say, in the Army and attained the grade of master sergeant, or first lieutenant, and then was discharged for one reason or another or his enlistment expired, and then he enlisted or transferred to the Navy or the Air Force, and does not attain the same equivalent grade in the next service, when he retires he may only retire in the highest grade that he attained in the service from which he retires.

Now, this has been a hardship on a relatively small number of individuals who were under the impression that the law permitted them to retire in the highest grade served regardless of the service. We are presumably unified in our defense efforts, and yet a man who served as a first lieutenant in the Army, and who only attains the grade of E-5 in the Navy, when he goes to retire can only retire as an E-5 in the Navy.

In addition to that, there are some other peculiarities in that a person may possibly have served in a higher permanent grade than the temporary grade he now serves in. And this would allow him to retire in his highest permanent grade.

Finally, there is another provision which—how the Comptroller General figured this one out, I will never know. I read the decision, and I still don't know.

He held that if an individual transfers from the Army to the Air Force, and had attained a higher grade in the Army, he could only be retired from the Air Force in that higher grade if he had served in the Army Air Corps on the Army Air Force.

Now, the Army is the Army is the Army. But this didn't apply as far as the Comptroller General was concerned, in that if a man had served, say, as a master sergeant in the cavalry and then switched—maybe he was an administrative officer or a noncommissioned officer—and then switched over to the Air Force, he could not retire in the higher grade even though he had been retired by the Air Force in the higher grade. The Comptroller General in 1958 ruled that it is unfortunate, but unless he served in the Army Air Force or the Army Air Corps he could not draw the retirement pay of that higher grade.

The bill in this respect is retroactive to those people who were retired prior to 1958, and who had their pay withheld. It would also be retroactive for those people retired after 1958 because it would not be fair to give one group a retroactive benefit and deny it to another group who retired a few weeks later, in that regard.

The bill is very nominal in cost, about \$270,000 annually to the Air Force, and about \$100,000 annually to the rest of the services, and about \$100,000 at a maximum for any retroactive cost involved.

H.R. 8333 is based upon the report recommended by the Department of the Air Force in connection with the bill H.R. 3302. The letter from the Department of the Air Force in connection with H.R. 3302 states as follows:

The Department of Defense has long supported the view that a person who has served satisfactorily on active duty in one armed force and later becomes a member of another armed force should be entitled to the same benefits for physical disability and retirement purposes as a person who remains in the same armed force for his entire service. H.R. 3302, in its present form, would firmly establish that principle, and the Department of the Air Force, on behalf of the Department of Defense, therefore interposes no objection to the proposed legislation, as far as it goes. The Department does believe, however, that provision should also be made in any such legislation for those individuals

retired before the date on which it becomes law, who clearly fall within the purview of the same admittedly valid principle, as those who retire after the effective date of the act.

On the same grounds, the Department of Defense believes the proposed legislation should overcome the adverse effect of a decision by the Comptroller General (B-134566, February 28, 1958) in which it was held that, in determining the highest temporary grade in which an Air Force member had served and was entitled to be retired, service in the Army could be considered only if the higher grade was held in the Army Air Corps or the Army Air Force. Prior to that decision, it had been the view of the Department of the Air Force that, in the case of Air Force personnel who had formerly served in the Army, Army service was to be considered as the equivalent, for all purposes, of service in the Air Force. In the case of Air Force personnel who have been retired in a grade held in the Army, other than in the Army Air Corps or the Army Air Force, there is an overpayment of retired pay involved. Since such payments were made and received in good faith they should be validated.

It should be noted that section 3 of the proposed legislation is retroactive. This section would overcome the adverse decision of the Comptroller General that held that a person retired from the Air Force could not be retired in the highest grade satisfactorily held while serving in the Army unless he had served in the Army Air Corps. Many of these persons retired prior to 1958, were retired in the highest grade satisfactorily served, and the proposed legislation validates the payments made. Some new expenditures will be required, however, for those retired after 1958 who were denied advancement.

It is estimated that the proposed legislation, if enacted, will involve a cost of approximately \$270,000 annually in the Air Force. Costs for the other services will not exceed \$100,000 annually. The retroactive cost will be less than \$100,000.

The subcommittee unanimously recommends enactment of H.R. 8333 to the full committee.

Mr. RIVERS. This really cures the decision of the General Accounting Office, and you addressed yourself to the enlisted man, did you?

Mr. BLANDFORD. Yes; it is all basically enlisted.

Mr. HARDY. Mr. Chairman. This retroactive provision: Does that mean, then, that persons who have been retired under the Comptroller General's ruling would now be paid a lump sum for the back pay?

Mr. BLANDFORD. Only from 1958, Mr. Hardy. The others who were retired prior to that date, because of the introduction of this bill over a period of several years, have not had their pay withheld—have not had to pay the money back. This would be in the nature of a validation of the retirement pay they received. That is why the cost is so nominal.

Mr. HARDY. Well, in other words, under the Comptroller General's ruling, there are individuals who now have a setoff against them.

Mr. BLANDFORD. Well, they are on the books as a setoff.

Mr. HARDY. It has not been collected?

Mr. BLANDFORD. It has not been collected, which is standard. If a bill is introduced they will withhold collection action. If this bill fails, why—

Mr. HARDY. Since 1958, persons who were retired under these conditions have not drawn their pay; is that right?

Mr. BLANDFORD. That is correct.

Mr. HARDY. So only the group retired since 1958 and who did not draw the pay for the higher grade—

Mr. BLANDFORD. Yes.

Mr. HARDY. Would be paid in a lump sum?

Mr. BLANDFORD. That is correct. And then only in the Air Force because of the peculiar situation which resulted. Because you will recall when we passed—when another committee passed the National Security Act, or reported it, there was a provision that permitted the Air Force to take over a portion of the Army. Everybody thought they were going from one status to the identical status in the Air Force. And, lo and behold, the Comptroller General said not if you weren't in the Army Air Force, or Air Corps. If you were in the Army Air Force or Army Air Corps you are all right. If you are in the cavalry or infantry, or anything else, you weren't all right. Where they figured that out, I will never know.

Mr. HARDY. Now, one more thing. Now, the cost indicated a while ago, is that the total cost of the bill, or the cost of only this one section?

Mr. BLANDFORD. \$270,000 annually for the Air Force as a result of permitting people to retire in a higher grade served in another service. Of course, this will dwindle. This will be a first-year cost, and then reduce. Then \$100,000 is an estimate of other services; for example, people who served in the Army who are now serving in the Navy. And then \$100,000, which is a very high estimate, probably an error on the side of being too high rather than being accused of being too low, for the retroactive cost involved.

Mr. HARDY. Well, that does bring it as a total—

Mr. BLANDFORD. \$407,000 as a first-year cost, and about \$370,000 on an annual cost, and dwindling thereafter.

Mr. HARDY. Has there been any actuarial computations to determine the expected total cost?

Mr. BLANDFORD. No. The reasoning is that the cost of trying—these people have to make application for this. The general survey is that it will be very limited in number, but nevertheless the cost of trying to go through all these pay records would be rather substantial and not justified in the light of this.

Mr. HARDY. If you have a \$300,000 annual cost for a period of who knows how much, 20 or 30 years there—

Mr. BLANDFORD. Well, yes; if it is 20 or 30 years, on an actuarial basis, but, of course, that is true of anything that we do of that nature.

Mr. HARDY. I understand that. But I am just thinking in terms of liking to know, if I can, what these things are going to cost over a period of time.

Mr. BLANDFORD. Well, it will be \$370,000 maximum on a recurring cost, reducing as your retirees die.

Mr. RIVERS. Any other questions?

Mr. KOWALSKI. I have a question. Some men hold a position but are not promoted for various reasons.

Mr. BLANDFORD. That is not involved, Mr. Kowalski.

Mr. KOWALSKI. That is not involved?

Mr. BLANDFORD. No. What you have reference to, the old step-down operation.

Mr. KOWALSKI. Or situations like that.

Mr. BLANDFORD. Yes.

Mr. BENNETT. May I ask one question?

These people get title, I mean who is a lieutenant in the Army, and goes in the Air Force.

Mr. BLANDFORD. Yes, because he will be held to have served in the higher grade satisfactorily by the service in which he attained that higher grade, and for—we have gone through this before, if you will remember, on this very issue of having the right to have the title. He will get the rank. Because this is the service he will be retired from.

Mr. KOWALSKI. I think that is very important.

Mr. BLANDFORD. Yes, it is.

Mr. RIVERS. Without objection.

Now, why don't you take the next two up together?

Mr. BLANDFORD. All right, sir.

The next two bills involve—one is the Air Force Academy and the other is the Naval Academy.

One involves the continuing authority to allow two Belgium students to go to the Naval Academy, and the other is to authorize a Thailand student, whose name I cannot pronounce, to go to the Air Force Academy.

The purpose of House Joint Resolution 559 is to authorize the Secretary of the Air Force to admit a citizen of the Kingdom of Thailand to the U.S. Air Force Academy.

Specifically, it would provide authority for the Secretary of the Air Force to admit Prabaddh Riddhagni, a citizen and subject of the Kingdom of Thailand, to the U.S. Air Force Academy, if qualified under the rules and regulations governing admission to the U.S. Air Force Academy.

Precedent has been established in this regard under authority of title 10, United States Code, since foreign students have been admitted to the U.S. Naval Academy and the U.S. Military Academy. However, at present there are no foreign students at the Air Force Academy.

In view of the foregoing, and the fact that the excellent relationship which presently exists between this country and Thailand, one of our staunchest allies in southeast Asia, will be enhanced, the Department of the Air Force has recommended approval, and the Bureau of the Budget interposed no objection.

No increased costs will be involved.

The subcommittee unanimously recommends enactment to the full committee.

The purpose of House Joint Resolution 656 is to authorize the Secretary of the Navy to receive for instruction at the U.S. Naval Academy at Annapolis two citizens and subjects of the Kingdom of Belgium.

Under present provisions of title 10, United States Code, a total of four persons may receive instruction at the U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy, respectively, from the Republic of the Philippines. In addition, not more than 20 persons at any one time from Canada and the American Republics (other than the United States) may receive instruction at each of these service academies under provisions of the same title.

However, students from friendly nations other than the Philippines, Canada, and the American Republics may attend the academies only under special legislation. Two Belgian nationals were authorized to receive instruction at the U.S. Naval Academy in 1954, and again in 1959.

The two Belgian midshipmen now at the Naval Academy are scheduled to be graduated in June of 1963. The Belgian Government wishes to send an additional two students to be trained at Annapolis.

The Department of the Navy favors enactment of this resolution, and the Bureau of the Budget interposes no objection.

The subcommittee unanimously recommends enactment of the proposed resolution.

Mr. RIVERS. Without objection, those two are approved.

Now, Mr. Philbin, we have a report from your committee.

Mr. PHILBIN. The first bill I have to report from my committee is H.R. 10595, introduced by our distinguished fellow Member, Mr. Rutherford.

Now, under this legislation all Extra Long Staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stockpile Act will be transferred to the Commodity Credit Corporation, and this Corporation in turn will be authorized to dispose of the cotton.

In 1957 the Office of Defense Mobilization, the agency responsible for stockpile policy, determined that Extra Long Staple cotton was no longer needed as a stockpile material. In that year, the Congress enacted a bill (Public Law 85-96) authorizing the disposal of 50,000 bales from the stockpile. Most of that quantity has been sold. The proposed legislation authorizes the disposal of the remaining 219,000 bales from the stockpile inventories.

The domestically grown cotton which is to be transferred to the Commodity Credit Corporation shall be sold only for unrestricted use at not less than the price which the Commodity Credit Corporation may sell its stocks under the Agricultural Act of 1949 and such cotton shall be excluded in making any determination with respect to national marketing quotas under that act until after it is sold by the Corporation. The foreign-grown cotton can only be sold or disposed of for export.

At present there is a shortage of Extra Long Staple cotton throughout the world, and at the same time there is no further need to stockpile Long Staple cotton. As a matter of fact, the Government removed Long Staple cotton from the strategic list in 1957, as I pointed out.

The subcommittee received testimony from the Office of Emergency Planning recommending enactment of the proposed legislation with three amendments which are clarifying in nature.

In addition, the SuPima Association of America strongly endorsed the proposed legislation, as did the American Farm Bureau Federation, the American Cotton Manufacturers Institute, and the National Cotton Council. Members of Congress also testified in support of the proposed legislation.

The subcommittee received no testimony in opposition to the proposed legislation.

The subcommittee unanimously recommends adoption of the bill H.R. 10595, as amended.

Mr. RIVERS. Read the amendments.

Mr. HARDY. Mr. Chairman, can I ask a question about it?
(Mr. RIVERS nods.)

Mr. RIVERS. Let's get the amendment first.

Mr. HARDY. Well——

Mr. RIVERS. Go ahead and ask your question.

Mr. HARDY. Let's go ahead with the amendments if you like, because this may have a bearing on it. I don't know.

Mr. BLANDFORD. On page 2, line 8, strike the words "made available," and substitute therefor the word "transferred."

That simply transfers this cotton to the Department of Agriculture.

On page 2, line 9, put a period after the word "corporation," and strike the words "in lots as requested."

Page 2, line 11, remove the period at the end of the sentence and add the following:

at not less than the world market price as determined by the Secretary of Agriculture unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested Government departments or agencies.

I might add that that is limited to other American agencies, Government agencies.

Mr. HARDY. Mr. Chairman, I think I am going to object to that one.

Mr. BLANDFORD. Page 2, line 11, before the sentence beginning with the words "Such foreign-grown cotton," insert the following new sentence:

In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture with the concurrence of other interested Government departments or agencies shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended.

I might go back to the amendment that Mr. Hardy indicated he would oppose. In the letter from Mr. McDermott, who is the Director of the Office of Emergency Planning, it says:

The added language makes it clear that export sales of foreign-grown cotton may be at world market prices. It also assures that export sales on any other basis will not interfere with the international relations of the United States.

Mr. HARDY. Mr. Chairman, that is the key to my objection.

The State Department has been controlling the sale of surplus rubber to the disadvantage of the United States for quite a considerable period of time. They have an absolutely unrealistic table of prices under which they permit the sale of surplus rubber. And just this morning I had some people in talking to me about the tin surplus disposal program. And the foreign governments are going to try to impose the same kind of restrictions, operating through the State Department, that now are applied to the disposal of surplus rubber.

And I just am fed up with giving the State Department a veto right on the sale of anything out of our stockpile; until we get a little bit more realistic approach to the manner in which this stuff ought to be permitted to move in world commerce I am just going to be opposed to any kind of a provision that gives them control of it. And if you go to the floor with it, I will have to oppose it on the floor.

Mr. RIVERS. Any other—Mr. Chamberlain.

Mr. CHAMBERLAIN. Could I ask the gentleman?

Mr. RIVERS. Yes.

Mr. CHAMBERLAIN. Whether or not, did I understand you to say that the Farm Bureau has approved this legislation?

Mr. PHILBIN. Yes, the Farm Bureau approved it.

Mr. CHAMBERLAIN. Thank you.

Mr. COHELAN. Mr. Chairman, I would like to ask this question. I am wondering; the bill is very general in its provisions. I am wondering what commodities are involved, and what impact it is going to have?

Mr. RUTHERFORD. If the gentleman will yield.

Mr. RIVERS. Mr. Rutherford is the author of the bill.

Mr. RUTHERFORD. 47,500 bales are involved in the extra long staple, and this is a staple of $1\frac{3}{8}$ inch or longer. And if the gentleman will permit me to respond to the gentleman from Virginia: The objection by the author of the bill as well as of all the authors of similar legislation—and there are only five Members of Congress involved—two in Arizona, two from New Mexico, and only my congressional district in Texas, grows this type of cotton.

We had the same feeling and the same reaction as the gentleman from Virginia had, and that was the interference of the State Department. We now have to check with the Secretary of Agriculture, and check with the Secretary of State on practically every foreign commodity.

However, it is one of those situations that we feel the merit of disposing of this cotton far outweighs the statutory stipulation of the State Department interference.

And I might say this: In the absence of this language, by administrative procedures, we have found that the State Department still is an integral part in disposing of this as well as sugarbeets or most anything else.

It was my position before the subcommittee that we objected to the State Department being more or less a party to this, but we accepted a realistic fact of life and accepted it reluctantly.

Mr. COHELAN. Can the gentleman explain to me how you distinguished between foreign-grown cotton and domestic cotton?

Mr. RUTHERFORD. Well, it is that cotton which is grown outside the continental limits of the United States, such as Peru, Sudan, in the Egyptian area primarily.

Mr. COHELAN. Do we have it in our stockpile?

Mr. RUTHERFORD. For some time, when we had a shortage of extra long staple cotton for our war efforts, and when it was in short supply—and this was an infant industry, farming industry, of the United States. This was such a great requirement that we did stockpile foreign cotton, extra long staple.

Mr. COHELAN. Can the gentleman explain to me about what impact it will have on the normal channels of trade? Will this in any way affect the market for cotton?

Mr. RUTHERFORD. It will affect it, but favorably. At the present time you have a shortage of some 40,000 to 50,000 bales of cotton that is required by the mills. And this will supply the market. And this is due to insect and adverse weather conditions in the Sudan and the Egyptian area, and the market has been more or less promoted by the industry, itself, by the domestic cotton growers.

Therefore, we feel that the strategic and critical stockpiles have stabilized since 1957 as the able subcommittee chairman stated, and it is our desire to make this domestic cotton available to the mills and to the market at the present time who have a requirement for it.

Mr. PRICE. Mr. Chairman, on that point I think you should bring out the fact that if we don't approve of this, that the growers, our growers, our domestic growers, may be adversely affected.

Mr. RUTHERFORD. This is true.

Mr. PRICE. Because they have developed a market and on their present production they are unable to fulfill the demands of that market, and they are fearful unless they can keep this supply going for several years, that the fabricators or the textile people will gradually get away from this type of cotton.

Mr. RIVERS. I might say, I know a little something about this long staple cotton. It started in my country over 200 years ago. It was destroyed by the boll weevil. It is the most expensive, highest grade cotton on earth. There is a terrific shortage of it, a terrific shortage.

Mr. COHELAN. We grow some pretty good cotton out in California.

Mr. RIVERS. You don't grow this kind of cotton.

Mr. RUTHERFORD. If the gentleman will yield further, and in elaboration of what Mr. Price stated I would state this, that this market has been developed by a voluntary tax by the growers, themselves, of \$3 per bale. They have been very successful in developing this market. And, therefore, if this domestic cotton is not released from the stockpile, then the mills only have one other place to go, and that is to get foreign-grown cotton to fill the requirements that have been developed by the domestic growers.

Mr. COHELAN. What is going to happen to the foreign-grown cotton?

Mr. RUTHERFORD. This is really not a concern.

Mr. RIVERS. They don't grow enough of it.

Mr. RUTHERFORD. At this time there has been a reduction because of adverse weather conditions.

Mr. RIVERS. Is there objection?

Mr. HARDY. Mr. Chairman, I have an amendment to the amendment offered by the committee.

And I have suggested a deletion of some of the language. If Mr. Blandford will—if you will permit Mr. Blandford to read the language that I have suggested.

Mr. RIVERS. Mr. Blandford, read it.

Mr. HARDY. Then I would like to make a comment at the conclusion as to the purpose I have in offering that amendment.

Mr. RIVERS. All right.

Mr. BLANDFORD. Mr. Hardy offers the following amendment to the amendments:

On page 2, line 11, in lieu of the following language—

at not less than the world market price as determined by the Secretary of Agriculture unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested Government departments or agencies—

is amended to read:

at not less than the world market price as determined by the Secretary of Agriculture.

And on page 2, line 11, in lieu of the following language:

In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture with the concurrence of other interested Government departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals for the Agricultural Trade Development and Assistance Act of 1954 as amended,

amend that to read:

In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture shall periodically determine—

and eliminate the words—

with the concurrence of other interested Government departments or agencies.

In other words, the Secretary of Agriculture in both instances will make the determination without the statutory requirement that there be statutory concurrence by other Government agencies.

Mr. RIVERS. As many as favor—

Mr. HARDY. Mr. Chairman, may I make just this brief statement about the reason for that?

I have recently been through a rather thorough examination of the surplus rubber disposal program and I have observed the extent to which the Department of State is calling all of the shots. They have been using the rubber disposal program substantially as an adjunct to the foreign aid program and have deliberately exercised a price control, in my judgment—a price control function of the stockpile sales program, that is, the surplus sales program under the stockpile.

Now, my purpose in suggesting this revision in the language would be to eliminate the Department of State from making decisions affecting the economic movement of our surplus long staple cotton.

In my judgment, the disposal of that cotton ought to be based upon the world market price as determined by the Secretary of Agriculture, and not as determined by the Secretary of State in order to bolster or to court favor of some foreign government. That is the purpose of it.

Mr. BECKER. Mr. Chairman, may I ask a question of the gentleman from Virginia?

Mr. RIVERS. Yes, sir.

Mr. BECKER. How does this affect our regular foreign trade program, in that the Secretary of State makes recommendations that does supersede the prices of goods sold on the world market?

Mr. HARDY. I think the Secretary of Agriculture would be able to gage the disposals in accordance with the requirements of our foreign trade program, without having to depend on the Secretary of State or the Department of State.

Mr. BECKER. I might agree with the gentleman. But how does it affect the present law insofar as our foreign trade is concerned?

Mr. HARDY. I don't think it affects the present law at all. The Secretary of Agriculture will have to be bound by existing law. There is no question about that.

Mr. BECKER. Or the Secretary of State.

Mr. HARDY. That is exactly right. But the only trouble is this:

I do not want to see further use of our stockpile as an augmentation of the foreign aid program. And that is exactly what they have been doing.

Mr. RUTHERFORD. Mr. Chairman.

Mr. RIVERS. Mr. Rutherford.

Mr. RUTHERFORD. Mr. Chairman, my original thoughts were the same as the gentleman from Virginia. And I might say that if his language to implement and be carried forth I think it would be good and healthy, because I, too, object to the State Department directing it. But I do not feel that he will curtail the State Department's intervention. I think he will only relieve them from responsible action.

Whether the gentleman from Virginia's language prevails, or not, the State Department would still, by administration, act in this matter, will be conferred with by the Secretary of Agriculture; and I think we are kidding ourselves if we have accomplished this by the gentleman from Virginia's language.

I feel by stating that the Secretary of State and the State Department is placed in the legislation, then they are responsible and there is no buck passing possibility in it. Because regardless of what we do here, I think we ought to recognize—and I recognize—the facts of life, that the State Department is still going to be checked with.

And I might say further to the gentleman that I took the original position and objected to the inclusion of these amendments. I am now committed to them and feel possibly it is best to stay with the language as recommended in the amendments read by Mr. Blandford.

Mr. PRICE. Mr. Chairman, as I recall the hearings on this bill, the foreign supply that is going to be disposed of will be distributed through—under the provisions of Public Law 480.

I think as a standard for this type of operation it is already pretty well set.

Mr. BLANDFORD. The domestic, I believe, goes under 480, and under the Trade Agreements Act, the foreign export goes under the Trade Expansion Act.

Mr. RUTHERFORD. 407.

Mr. BLANDFORD. That is it. And 408 would be the domestic price, which would mean the prevailing farm parity price on cotton.

Mr. RIVERS. As many as favor the amendment proposed by Mr. Hardy will raise their hands.

(Show of hands.)

Mr. RIVERS. Mr. Smart, you count.

Mr. SMART. Eleven, Mr. Chairman.

Mr. RIVERS. All opposed.

(Show of hands.)

Mr. SMART. Seven opposed.

Mr. RIVERS. By a vote of 11 to 7, the amendment reported by Mr. Hardy carries.

Now, the question recurs on H.R. 1095 as amended. As many as favor the bill as amended will say "Aye."

(Chorus of "ayes.")

Mr. RIVERS. Opposed, "No."

(No response.)

Mr. RIVERS. The bill is reported.

Now, Mr. Philbin, have you another?

Mr. PHILBIN. Yes.

The next is Resolution 473.

The purpose of this resolution is to express the approval of the Congress to dispose of certain materials now in the stockpile which are considered in excess of mobilization requirements.

These items include—

- (a) approximately 440,246 pounds of silk noils;
- (b) approximately 96 short tons of 91 percent nickel in ingot form, approximately 4 short tons of sintered nickel powder in the form of "cups," and approximately 9 short tons of cobalt in rondelle form averaging 97.9 percent cobalt;
- (c) cordage fiber consisting of approximately 7,500,000 pounds of abaca fiber and approximately 10 million pounds of sisal fiber.
- (d) approximately 3,500 long tons of vegetable tannins (quebracho, chestnut, and wattle extracts);
- (e) approximately 28,816 short tons of celestite;
- (f) approximately 4,471 troy ounces of platinum scrap and a quantity of nonferrous scrap consisting of approximately 520 short tons of brass, 74 short tons of silicon bronze and copper, 11 short tons of beryllium copper, and 106 short tons of zinc foil;
- (g) approximately 50,000 long tons of pig tin;
- (h) approximately 155,676,000 pounds of castor oil;
- (i) approximately 265,000 pounds of cobalt oxides, and approximately 5,500 pounds of cobalt carbonates;
- (j) approximately 1,890 long tons of chromite ore;
- (k) approximately 65,447 pounds (gross weight) of ferrovanadium;
- (l) approximately 63 short tons of ferromanganese, and approximately 4½ short tons of electrolytic manganese metal;
- (m) approximately 10 million pounds of contained nickel and cobalt in the form of nickel oxide powder; and
- (n) approximately 5 million pound of molybdenum.

Seven of the fourteen listed materials cover quantities in excess of the currently established objectives. These are the silk noils, cordage fiber, vegetable tannins, tin, castor oil, nickel oxide powder, and molybdenum.

The other seven materials are subspecification materials and do not meet current stockpile specifications. These are the nickel items, celestite, nonferrous and platinum scrap, cobalt oxides and carbonates, chromite ore, ferrovanadium, and ferromanganese and electrolytic manganese metal.

Disposal plans for all of these materials have been developed by GSA in accordance with authorizations received from the Office of Emergency Planning. The other agencies concerned have been consulted, and they have concurred in the proposed plans. Notices of the proposed disposals have been published in the Federal Register and transmitted to the Congress.

All of the disposal plans have been so devised that there will be no undue market impact. Present market conditions generally are favorable for these materials. Based on current market prices, it is estimated that these disposals will bring the Government more than \$160 million in revenue. In addition, of course, storage and maintenance expenses will be reduced. This is particularly true of the perishable items such as the cordage fibers.

The Strategic and Critical Stockpile Act authorizes the disposal of materials no longer needed because of revised determinations, but it also provides that—

no such disposition shall be made until six months after the publication in the Federal Register and transmission of a notice of the proposed disposition to the Congress and to the Armed Services Committee of each House thereof.

In addition, the law provides that no material constituting a part of the stockpile may be disposed of without the express approval of the Congress, except where the revised determination is by reason of obsolescence of that material for use in time of war.

The items contained in this resolution are not obsolete but they are in excess of present requirements, and therefore the Government desires to dispose of them.

Each of the items has been advertised in the Federal Register and the method for disposal of each of the items was explained by the witnesses. In this connection, I might add that most of the items in the resolution are uncontroversial in every sense of the word. However, I call your particular attention to item (g) which authorizes the disposition of approximately 50,000 long tons of pig tin. It is proposed to dispose of the tin in small lots over several years, but 10,000 long tons of pig tin will be made available for disposition in small lots as soon as possible after the resolution has been approved.

In that connection, I might also mention that the maximum objective for pig tin in our stockpile is 185,000 long tons.

There is now 349,498 long tons of pig tin in the stockpile, leaving a surplus of 164,498 long tons.

The resolution contemplates the sale of 50,000 long tons, with an acquisition cost of \$121,576,000.

I might also mention that the price of tin has fluctuated between 1958 and early 1961 from 86½ cents a pound to \$1.04 per pound. Then in the latter part of 1961, the price of tin advanced to about \$1.21 per pound.

Thus it would appear that now would be a most advantageous time for the Government to dispose of a portion of the excess tin in our stockpile. In that connection I should point out that the law states that—

the plan and date of disposition shall be fixed with due regard to the protection of the United States against avoidable loss on the sale or transfer of the material to be released and the protection of producers, processors, and consumers against avoidable disruption of their usual markets.

No opposition to any disposals have been received.

The subcommittee urges approval of the resolution.

Mr. HARDY. Mr. Chairman.

Mr. RIVERS. Mr. Hardy.

Mr. HARDY. The thing that bothers me about this—I think we need to take action of this nature. However, I am a little disturbed by the same language that appears in this bill, or in this resolution, as appeared in the resolution which authorized the sale of surplus rubber from the stockpile. And that language appears on line 5, beginning on line 5, on page 1.

It says:

In accordance with the plans of disposition published by General Services Administration in the Federal Register.

Now, the distinguished gentleman from Massachusetts, Mr. Philbin, has pointed out that the law states that the disposition shall be made in a manner to protect the United States against avoidable loss.

However, when we pass this resolution we have amended that law by approving the plan of disposition as published in the Federal Register. And I don't know—I haven't had an opportunity to see the plan as set up in the Federal Register. But if it follows the general scheme that was followed in the plan of disposal for natural rubber, then we will have taken upon ourselves the burden of saying that this is a proper way to protect the United States against avoidable loss. And, Mr. Chairman, in the case of rubber, we didn't do it. In the case of tin, if, again, we have a price-fixing scheme, then we are relieving the executive branch of Government of further judgment by adopting in law the plan which they have published in the Federal Register.

Now, I don't know what the thing has in it—what the plan has, and whether or not this is an advantageous period of time to dispose, I don't know, either. Now, on the basis of the market prices, as the gentleman has indicated, it would seem to be.

But, again, the key to this rests in the plan as approved or as published in the Federal Register, and I would like to strike those words from it and find something to substitute for it.

Mr. BLANDFORD. Mr. Hardy, you couldn't do that legally because what you are doing is passing a resolution here, and you must amend the Stockpiling Act by law in order to do that.

Mr. HARDY. Well, if you haven't given the congressional sanction to this business by the language in this resolution then I don't know what you have done.

Mr. BLANDFORD. You may be giving congressional sanction to it, but if you wish to change the method you must change the basic law.

Mr. HARDY. I am not talking about changing the methods. But I am talking about writing in here—

Mr. BLANDFORD. We are merely complying with what the law says we must do in order to approve.

Mr. HARDY. Does the law say that we have to approve a plan which they have published in the Federal Register? I don't think so.

Mr. BLANDFORD. I will read the law.

Mr. HARDY. The law says they have to publish a plan in the Federal Register.

Mr. BLANDFORD. In accordance with the plans of disposition.

Mr. HARDY. I don't think the law says that we have to make that statement. The law says they have to publish a plan. As a matter of fact, after we pass this, they could publish another plan of disposition, could they not, except for the fact that we have already approved it in this legislation?

Mr. BLANDFORD. They have indicated that if there is any necessity for changing the plan, that they could do so, if it was in the best interests of the Government, or if some processor or producer was being hurt. There is some latitude in that respect. There has to be. There may be some economic conditions.

Mr. HARDY. The thing that I adhere to is a specific approval of their plan of disposition.

Now, I think we did wrong when we approved their plan of disposition with respect to rubber. Maybe not in this case, I don't know, because I haven't studied it.

Mr. RIVERS. This is the chairman's bill, and no doubt he has gone along those lines.

Mr. HARDY. Well, the chairman did a poor job of going into it on rubber, I will tell you that.

Mr. RIVERS. You tell the chairman.

Mr. HARDY. I have told him that.

Mr. BECKER. Mr. Chairman, could I ask the gentleman from Virginia a question, please?

Mr. RIVERS. Mr. Becker.

Mr. BECKER. Is it your point, Porter, that the plan of disposition of the General Services Administration is not presently concocted, but they will propose one, and then publish it in the Federal Register?

Mr. HARDY. No; they have already published it.

Mr. BECKER. They have already published it?

Mr. HARDY. They have already published it.

Mr. BLANDFORD. I will read the publication.

Mr. PHILBIN. Yes; I would suggest you read it.

Mr. RIVERS. You get the Federal Register, don't you?

Mr. BECKER. Yes, but who reads it.

Mr. Blandford (reading):

Pursuant to the provisions of section 3(e) of the Strategic and Critical Materials Stockpiling Act, notice is hereby given of a proposed disposition of approximately 50,000 long tons of pig tin now held in the national stockpile, the office of Civil Defense Mobilization has made a revised determination pursuant to section 2(a) of the Strategic and Critical Materials Stockpiling Act that said pig tin is excess to stockpile's needs by reason of lower emergency requirements and technical advances. Since the revised determination is not by reason of obsolescence of the pig tin for use in time of war, this proposed disposition is being referred to the Congress for its express approval as required by section 3(e) of the Strategic and Critical Materials Stockpiling Act. General Services Administration proposes to transfer said pig tin to other Government agencies or to offer the material for sale on a competitive basis or otherwise to dispose of it in the best interests of the Government upon the express approval by the Congress of this proposed disposition, or 6 months after the date of publication of this notice in the Federal Register, whichever is later. The 50,000 long tons of tin that are in excess of national stockpile needs will be made available for sale on the basis of prevailing market prices in small lots over a period of several years. It is proposed to begin making available for sale in small lots approximately 10,000 long tons of the total as soon as possible. The rate and conditions of disposal will be determined by the Administrator of General Services in concurrence with other interested departments and agencies, with due regard to the protection of producers and processors and consumers against avoidable disruption of their usual market, as well as the protection of the United States against avoidable loss, dated September 1, 1961, Janni L. Moore, Administrator, Federal Register, Document 618577.

Mr. HARDY. But there is no price and quantity table on this?

Mr. BLANDFORD. There couldn't be, Mr. Hardy. You can't estimate the price of tin. The tin has fluctuated.

Mr. HARDY. You did in rubber.

Mr. BLANDFORD. Well, we tried it. I know what you are talking about with regard to putting a limitation on it, but we didn't do it with tin.

Mr. PHILBIN. Does the gentleman from Virginia yield for a moment?

Mr. HARDY. I am through.

Mr. PHILBIN. No. This permits the disposition of the excess that is in the stockpile, and I am sure the gentleman agrees with that, do you not?

Mr. HARDY. I think so.

Mr. PHILBIN. In an orderly way to protect the processes, distributors, and consumers, everyone who is concerned here. Now, that is all it does. Now, obviously, we have to leave some latitude in the administrative agencies of the Government. We cannot control the disposition of every ton of this tin. And that is not sought to be done. This is merely a notice to the Congress of the United States, and the members of the industry, and all those interested, that we propose to dispose of this excess that is now in the stockpile, and the general arrangements and conditions under which we do it.

Mr. HARDY. We appreciate that observation. I, frankly, am not critical about the plan of disposition as published in the Federal Register, as I was with respect to the rubber.

Mr. BLANDFORD. Mr. Hardy, in rubber you had a very definite price range, that you would sell so much at a certain price, and you wouldn't sell it under a certain price, and you would sell unlimited amounts when it reached a certain price. That is not involved here.

Mr. HARDY. Of course, the gentleman knows that immediately after that thing went into effect the price of rubber got down to a point where under their own pricing quantity table they couldn't sell a pound of it.

Mr. BLANDFORD. I am well aware of the situation. But that is not the situation here is tin.

Mr. RIVERS. Is there objection?

Mr. HARDY. Mr. Chairman, I shall not object to it. I want to study the matter a little bit more. And I want to relate it to the experience that I had in examining the rubber program.

Mr. RIVERS. You will have that right.

Mr. HARDY. I do regret that in here, again, there is that language which relates to putting the State Department in here for a complete control of the program.

Mr. RIVERS. Mr. Hardy has that right.

Mr. PHILBIN. And the industry on notice. I don't think it has reference to control by the State Department.

Mr. RIVERS. Without objection.

Now, Mr. Philbin, you have another bill.

Mr. PHILBIN. The next bill that the committee has to present is H.R. 10937.

We had extensive meetings on this bill, for 2 days last week.

The bill proposes to amend the act providing for promotion of economic and social development in the Ryukyu Islands.

I am afraid this report is perhaps fairly long. But the bill, I think it is reasonable to assume, will be subject to some controversy in this committee, and debate. I feel, therefore, that a full understanding of the bill is essential.

For the rest of the report, I am going to refer to the bill as related to Okinawa, which is the only island on which we have some substantial installations. Members of the committee are fully aware of that situation, our interests in Okinawa, and what they involve.

Now, briefly in this background I would like to review the history of this bill.

Since 1945 the United States has exercised full power over Okinawa.

Prior to the war, these islands were an integral part of Japan but after Japan surrendered they were treated as a separate and distinct territory for the purposes of occupation.

Japan was occupied under allied authority; the occupation of Okinawa was solely under American control.

During this period, 1945 to 1952, the occupation was purely a military one.

In 1952, the Treaty of Peace with Japan was ratified. The treaty provided that—

* * * the United States shall have the right to exercise all and any powers of administration, legislation, and jurisdiction over the territory and inhabitants of these islands * * *.

At this point a civil administration was introduced to take the place of the military occupation which had preceded it. Even though it was called a civil administration, gentlemen, it was, and is, in fact headed by a U.S. military officer.

Necessarily during the whole period from 1945, through 1952, and up to 1960, the date of the Price Act (which is the act this bill would amend), it was necessary to carry on governmental functions in Okinawa.

These functions, however, were carried out in many instances under the rather broad authority of the Treaty of Peace with Japan.

Appropriations were made by the Congress from time to time, but on occasion they were subjected to points of order. It became evident, therefore, that some basis in law should be provided not only to support the appropriations but to permit the retention and expenditure of revenues which arose in Okinawa itself. And these revenues accrued to both the local government, known as the GRI, or Government of the Ryukyu Islands, and also to the civil administration of our own country.

Actually, the Price Act did not change anything but gave legislative sanction to a de facto situation.

I have mentioned that the Price Act sanctioned the retention and expenditure of funds arising in Okinawa. It also placed a limitation of \$6 million on the amount of money which could be appropriated annually for the Ryukyus.

I think I should note particularly at this point two matters of importance. Both of them were brought up and stressed by Mr. Price, the author of the bill, during our hearings.

First, I think it is important to quote the preamble to the basic law relating to Okinawa. It reads as follows:

That, in the exercise by the President of the authority over the Ryukyu Islands granted the United States by article 3 of the Treaty of Peace with Japan, every effort shall be made to improve the welfare and well-being of the inhabitants of the Ryukyu Islands and to promote their economic and cultural advancement, during such time as the United States continues to retain authority over the Ryukyu Islands.

I have read that in order to place in context this further statement: although the \$6 million authorized for annual appropriations has, in fact, become a limitation as our responsibilities have increased, it was by no means intended to be a limitation at the time of its enactment.

On the contrary, it was intended to spur and encourage a greater level of expenditure in Okinawa and although it is phrased in the law as a limitation, and has actually become a limitation, it was intended to represent what was then thought to be a reasonable level of expenditure.

The first question which would arise in anyone's mind is: If \$6 million were considered a reasonable level of expenditure only 2 years ago, why does that need to be increased to \$25 million. The reason is this:

The United States has only one reason for continuing to occupy Okinawa and to exercise the rights which it has under the Treaty of Peace with Japan. That reason is that Okinawa has a most important strategic value to the security of the United States and the free world. We all know its location with respect to vital areas in the Far East and the fact that it provides a major link in our forward defense barrier in the Pacific. Our base in Okinawa is essential and there can be no doubt about this.

Recently the President himself stressed this fact when he said:

The armed strength deployed at these bases is of the greatest importance in maintaining our deterrent power in the face of threats to the peace in the Far East. Our bases in the Ryukyu Islands help us assure our allies in the great arc from Japan through southeast Asia not only of our willingness but also of our ability to come to their assistance in case of need.

I think that all of us concede the importance of Okinawa and the necessity for our continued occupancy of it. So how has the situation changed to require this higher level of expenditure?

The subcommittee was told that there is an increasing concern on the part of our responsible officials for the stability of our military security in the U.S. position in Okinawa. One witness said that there are—

discernible portents of developing conditions which could seriously impair the freedom of military mobility which we enjoy in that area under our sole jurisdiction.

He went on to say—

There are evidences of growing dissatisfactions among the Ryukyuan people, indications that we might be taking for granted that we will continue to enjoy unimpaired that degree of voluntary cooperativeness and international acceptance of our administration which we have experienced since the end of military occupation.

Indeed, this concern mounted to the point where the President appointed a special task force headed by a member of his staff to study this problem.

The task force did several months of work here in Washington and then spent several weeks in Okinawa making an on-the-spot investigation.

Actually, this bill, which we now have before us, is a result of that task force study. So we can see that this matter is by no means a routine piece of legislation but is one which has had the attention of the President himself.

I think I should explain that it is not expected that the \$25 million upper limit will be reached in the near future. For example, the fiscal year 1963, the department has requested \$6 million in accordance with basic law and will request only an additional \$6 million should this bill become law. This is a total of \$12 million for fiscal year 1963.

Generally and briefly, these funds would be expended in the following fashion:

1. About \$1 million to reimburse the Ryukyus for services provided our troops and other people (this is in the area of public health, public safety, and so forth).

2. About \$9.5 million as contribution to Government projects. This relates to promotion of the economic and social development of Okinawa through contributions to provide additional and improved educational facilities, teachers' pay, public health and medical programs, social welfare activities, and general economic development. Also \$4 million of this amount would be for capital augmentation of two public credit institutions;

3. About \$1 million for disaster relief;

4. For technical education and training, \$300,000 and a number of other smaller amounts.

Our relationship with Okinawa is unique in our history and our responsibilities are similarly unique. We have absolute control over these islands and, therefore, we have a special obligation to see to it that our administration of the islands is not less than should be expected from the United States. Okinawa has been a propaganda weapon before and will continue to be. We must counter this propaganda.

Of course, \$25 million is a great deal of money, but when we stop to think that we have a capital investment in Okinawa of over \$1 billion, and equipment and supplies totaling even more billions of dollars—\$25 million becomes a pretty small amount as insurance to cover our investment. It approximates, I suppose, the price of two B-52 airplanes or a few more of our new fighter airplanes.

In conclusion, I think I should mention very briefly the new Executive order issued by President Kennedy. This Executive order amended the previous Executive order in five instances. Only one of these has caused questions to arise and that is the establishment of the Office of Civil Administrator.

With respect to this change, I think it should be understood that the Civil Administrator "shall have such powers and perform such duties as may be assigned to him by the High Commissioner."

This by no means places a civilian above the military commander. Indeed, the Civil Administrator is subordinate to the military commander and has only those powers and duties which are assigned to him by the military person who is the High Commissioner.

Mr. Chairman, that is my report on the bill, and I move its approval by the committee.

Mr. RIVERS. That was a unanimous report?

Mr. NORBLAD. Yes, sir.

Mr. RIVERS. Without objection.

And I will ask Mr. Price to report that. He is the author.

You better get a rule on that, Mr. Price.

(Mr. Price nods.)

Mr. RIVERS. And in the other bill, H.R. 6664, I am going to ask Mr. Pirnie, who is the author of that, to report that bill.

That will go on the consent calendar.

(Mr. Pirnie nods.)

Mr. RIVERS. Then, on the bill, H.R. 10595, the author of whom is Mr. Rutherford—I will ask you, Mr. Rutherford, to report that bill.

Now, we have some reprograming actions. Mr. Kelleher.

Mr. KELLEHER. Yes. General Oden is here, Mr. Chairman, on the first one, for the Army.

General Oden.

Mr. RIVERS. Come forward, General.

Give the reporter your name and tell the committee what you have on reprograming for the Army.

Should this be executive session?

Mr. KELLEHER. Mr. Chairman, if the numbers of airplanes or missiles and the amounts of money are not mentioned—and it isn't necessary that they be mentioned because each member has a sheet giving that information before him—then it would not have to be executive. However, since the committee may go into other detail, perhaps executive session is desirable.

(Whereupon, at 11:30 a.m., the committee proceeded further in executive session.)

(Whereupon, at 11:43 a.m., the committee proceeded further in open session as follows:)

Mr. RIVERS. Now, we have one other bill. I would like to finish before the bell rings, because, Mr. Hardy, our committee has a bill on the floor, and we should be there.

Mr. HARDY. On what?

Mr. RIVERS. That is that section 15, that we are going to try to pass.

Mr. SMART. Military justice.

Mr. RIVERS. Come up, gentlemen.

We have H.R. 11743, which is a bill—this is another increment—extending the life of the civil defense emergency powers for 4 more years. That is all it does.

Give the reporter your name and tell us about this H.R. 11743.

Colonel CHAMBERS. Mr. Chairman, I am James M. Chambers, the Deputy Director of Emergency Planning.

Mr. Charles Kendall, our General Counsel, is with us.

I think perhaps in the interest of time, sir—there are just one or two parts of my short prepared statement that I would like to give, and give the rest to the reporter.

I think first of all, Mr. Chairman, I would like to say, because it is the first time I have appeared before you, that it is a privilege for me to be once again back in Government, and appearing before this committee.

And I think that this committee probably is better aware of the Civil Defense Act, and the emergency sections which were so carefully worked into it back in 1950.

This has been extended twice. It is temporary legislation. It gives extraordinary powers to the President, which can only come into being under very extraordinary circumstances.

The tremendous increase in the destructive capability of weapons makes it even more important today than it was at the time you originally enacted it in 1950.

And, therefore, I am today, on behalf of the President, recommending that this bill be enacted and that title III of the Civil Defense Act be extended to June 30, 1966.

(The prepared statement of Colonel Chambers is as follows:)

Mr. Chairman and members of the committee, I consider it a privilege to appear before you on behalf of the President to recommend the enactment of H.R. 11743, which will provide for the continuation of his current authority to deal effectively with the civil defense problems with which he would be faced in the event of an enemy attack upon the United States.

This committee is well aware of the functions of the Federal Civil Defense Act of 1950, having considered the original bill and the several amendments which have been made over the last 12 years. You know of the care which was exercised in limiting the availability of extraordinary powers to extraordinary situations. Most of the Civil Defense Act deals with preparedness, but the portion which the bill now before you would extend provides important authorities to the President for use when and if they are needed.

This standby authority is contained in title III of the act and grants emergency authority during the existence of civil defense emergency. In case of attack, or an anticipated attack, the President, or the Congress by concurrent resolution, may proclaim the existence of a state of civil defense emergency. Any such emergency may be terminated either by the President, or by concurrent resolution of the Congress.

In the event of such proclamation the President may mobilize all the resources of the Federal Government required to meet the problems that would arise.

He could use Federal personnel and facilities, provide emergency shelter, repair or restore vital utilities and other facilities. He would have broad procurement and utilization authority over property. He could reimburse States for assistance given to other States. He would have unencumbered authority to employ temporary additional personnel without regard to existing law. He could provide financial assistance for temporary relief of injured civilians and he could otherwise incur such obligations on behalf of the United States required to meet the existing conditions.

Constitutional safeguards regarding just compensation for nongovernmental property acquired are preserved. Likewise the immunity of the Federal Government from actions at law while performing emergency actions is reserved.

The standby authority contained in title III serves another important function, in that it provides knowledge as to what the authority of the President will be in such circumstances. This in turn provides a basis for the development of essential plans and procedures by the various Government agencies in their particular areas of responsibility, which would be put into effect in the event of such an attack. It is incumbent upon the Government to assure that preparedness measures are developed and maintained at a high level so long as there is a possibility of a sudden enemy attack upon the Nation.

Because of the tremendous increase in the destructive capability of modern day weapons, in contrast with those which were available 12 years ago when the authority was first enacted, there is a substantially greater need today from the standpoint of national security that these standby emergency powers be available to the President. In case of a sudden attack, there would be no time for the Congress to legislate the necessary emergency authority.

As originally enacted, the Federal Civil Defense Act of 1950 provided that these standby emergency powers would terminate on June 30, 1954, or such earlier date as might be prescribed by concurrent resolution of the Congress. This termination date was extended to 1958 in 1954 and to June 30, 1962, by Public Law 85-514, dated July 11, 1958.

In view of the importance of this legislation, I recommend on behalf of the President the enactment of H.R. 11743, which will extend title III of the Federal Civil Defense Act of 1950, as amended, to June 30, 1966.

Mr. HARDY. You are talking only about title III, Mr. Chairman—
Colonel CHAMBERS. Only title III, Mr. Hardy.

Mr. HARDY. And what is the specific limitation of that title?

Colonel CHAMBERS. Well, it is the emergency power of the President, or in the Congress by concurrent resolution, to declare a civil defense emergency, to take certain actions under most extraordinary conditions.

Mr. BRAY. Mr. Chairman—

Mr. PRICE. And this has no connection whatever with the subsequent actions this committee will have to take to approve the shelter program?

Colonel CHAMBERS. Not at all.

Mr. RIVERS. It hasn't anything to do with it.

Mr. BRAY. Mr. Chairman——

Mr. RIVERS. This merely extends it. Yes.

Mr. BRAY. That is what I had in mind. This merely extends what is already law.

Mr. SMART. That is right.

Mr. BRAY. This gives no power beyond what is already here.

Colonel CHAMBERS. That is exactly right.

Mr. RIVERS. That is exactly right.

Without objection, the bill is favorably reported.

(Whereupon, at 11:45 a.m., the committee adjourned.)



May 15, 1962 No. 77

HOUSE

0. ELECTRIFICATION. The Rules Committee reported a resolution for the consideration of H. R. 10708, to amend section 203 of the Rural Electrification Act of 1936 so as to authorize REA to finance communication facilities for the transmission of sounds, signals, pictures, writing, or signs as well as voice. p. 7818
1. MARKETING PENALTIES. The Rules Committee reported a resolution for the consideration of H. R. 10594, to amend the Agricultural Adjustment Act of 1938, as amended, so as to provide that no penalty shall be collected with respect to the marketing of any agricultural commodity grown for experimental purposes by any publicly owned agricultural experiment station or by any privately owned nonprofit agricultural research and experiment station or foundation. p. 7818
12. FARM PROGRAM. Rep. Pelly said, "A prompt and full investigation of the Department of Agriculture is called for. The Secretary should explain or resign." p. 7781
Rep. Findley said, "The evidence produced in the Billie Sol Estes case makes it mandatory that the Committee on Agriculture investigate the matter and not leave the job to the other body and to the press." p. 7781
13. CENTENNIAL. Rep. Shriver discussed the USDA centennial and said, "It ... is my hope that they will be as successful in removing Government controls from agriculture in the next 100 years, as they have been in instituting them in the past 100 years." p. 7810
14. TRANSPORTATION. Conferees were appointed on S. 320, to amend the Interstate Commerce Act so as to permit State commissions to grant the right to motor common carriers operating within a single State to engage in interstate or foreign operations within the State. Senate conferees have already been appointed. p. 7793
15. PUBLIC WORKS. Rep. Johansen criticized the bills to provide for Presidential standby authority to accelerate public works programs in periods of depression or increased unemployment. pp. 7810-1
5. FOOD INDUSTRY. Rep. Patman inserted a speech by the president of Campbell Soup Co., "Growth in the Food Industry." pp. 7802-5
17. STOCKPILING. The Armed Services Committee reported without amendment H. Con. Res. 473, providing the express approval of the Congress for the disposition of certain materials from the national stockpile (H. Rept. 1677). p. 7818
18. COTTON. The Armed Services Committee reported with amendment H. R. 10595, to facilitate the sale and disposal of Government stocks of extra long staple cotton in the national stockpile (H. Rept. 1680). p. 7818
19. WATER POLLUTION. The Judiciary Committee reported with amendments H. R. 10617, providing that the U. S. district courts shall have jurisdiction of certain cases involving pollution of interstate river systems, and providing for the venue thereof (H. Rept. 1681). p. 7818
20. TERRITORIES. The Armed Services Committee voted to report (but did not actually report) H. R. 10937, to amend the act providing for economic and social development in the Ryukyu Islands. p. D370

21. CIVIL DEFENSE. The Armed Services Committee voted to report (but did not actually report) H. R. 11743, to amend the provisions of title 3 of the Federal Civil Defense Act of 1950. p. D370

ITEMS IN APPENDIX

22. FOOD. Extension of remarks of Rep. Cunningham inserting excerpts from a speech by the President of Campbell Soup Co., "Growth in the Food Industry." pp. A3588-9
23. ECONOMICS. Extension of remarks of Sen. Wiley inserting an article, "Venture Management and National Growth," and stating that it "reflects a business-eye view of trends and challenge in our economy." pp. A3591-3
24. FARM PROGRAM. Extension of remarks of Rep. Ashbrook criticizing the Washington Post for their article, "Estes Gifts Denied By Two In House," and stating that it is a "graphic example in its columns of downright irresponsible journalism." p. A3594
Extension of remarks of Rep. Cohelan inserting an article, "The Turning of a Century," and stating that "it merits the attention of all of us who are deeply interested in the technological developments which have taken place in agriculture." pp. A3623-6
25. FOREIGN TRADE. Extension of remarks of Rep. Avery inserting an address by Hon. Alf M. Landon, "Building World Trade and Peace." pp. A3601-3
Extension of remarks of Rep. Price, Ill., inserting two articles in support of the Administration's trade bill. pp. A3604-5
Extension of remarks of Sen. Williams, N. J., inserting an article which "describes the crucial importance of the President's trade program." p. A3611
26. DAIRY. Extension of remarks of Rep. Quie inserting an editorial, "Freeman's Saddest Day," that "graphically states both the present situation concerning dairy prices and the past causes of that situation." p. A3610
27. RIVER BASIN. Extension of remarks of Rep. Shipley inserting an article discussing the Wabash Valley Association, "A Group With a Purpose." pp. A3611-3
28. AREA REDEVELOPMENT. Extension of remarks of Rep. Gubser inserting an article, "Must We Be Depressed Whether We Like It or Not?" pp. A3617-8
29. BUDGETING. Extension of remarks of Rep. Dingell inserting an editorial, "New Concepts of Financial Management." p. A3629

BILLS INTRODUCED

30. PERSONNEL. H. R. 11753, by Rep. Beckworth, to provide for the payment of certain amounts and restoration of employment benefits to certain Government officers and employees improperly deprived thereof; to Post Office and Civil Service Committee.
H. R. 11754, by Rep. Cohelan, to amend the Civil Service Retirement Act to provide for the adjustment of inequities; to Post Office and Civil Service Committee.
H. R. 11767, by Rep. Zelenko, to amend section 33 of the Federal Employees' Compensation Act to provide a system of safety rules, regulations, and safety inspection and training; to Education and Labor Committee. Remarks of author. p. A3614

SALE AND DISPOSAL OF EXTRA LONG STAPLE COTTON

MAY 15, 1962.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. PHILBIN, from the Committee on Armed Services, submitted the following

R E P O R T

[To accompany H.R. 10595]

The Committee on Armed Services, to whom was referred the bill (H.R. 10595) to facilitate the sale and disposal of Government stocks of extra long staple cotton, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

The amendments are as follows:

On page 2, line 8, strike out the words "made available" and insert in lieu thereof the word "transferred".

On page 2, line 9, place a period after the word "Corporation" and strike out the words "in lots as requested."

On page 2, line 11, remove the period after the word "export" and add the following:

at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended.

PURPOSE OF THE BILL

The purpose of the proposed legislation is to authorize disposal of the remaining 219,000 bales of extra long staple cotton in the stockpile and to establish the terms and conditions under which this cotton can be disposed of. Hearings were held on H.R. 10595 and identical companion bills.

For a proper understanding of the proposed legislation, a review of the background and terms of the disposal plan are necessary.

BACKGROUND AND HISTORY

During the Korean hostilities, in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act (Public Law 79-520), the Munitions Board in the Department of Defense determined that extra long staple cotton should be a stockpile material and a stockpile objective for this cotton was established. As a result of these decisions, the Government in the next few years acquired 269,000 bales of extra long staple cotton. (In this report, the bales are counted as 500-pound bales rather than as running bales.) The decision to stockpile extra long staple cotton was made because military needs could not adequately be provided from domestic production and because the experience in meeting military needs arising in connection with the Korean hostilities had indicated a dangerous, costly dependence upon certain foreign sources of supply. The essential military needs for extra long staple cotton were in the form of cordage and webbing, shoelaces, sewing thread, and fine-count military fibers, all of which, at that time, could not be made by other available fibers.

Since the stockpile was established, two significant changes have arisen. First, the domestic producing industry has become firmly established. As a consequence, the United States possesses a strong domestic production capability which could be substantially expanded to meet increased needs in the event of hostilities. Second, the development of new fibers and fabrics provided a number of substitute materials, which could meet many of the needs previously supplied exclusively by extra long staple cotton.

Therefore, on March 13, 1957, the Director of the Office of Defense Mobilization, predecessor agency to the Office of Emergency Planning, determined that there was no longer a need to stockpile extra long staple cotton for national security purposes, later that year, Public Law 85-96 was passed authorizing sale of 50,000 bales from the stockpile. In August 1957, the General Services Administration published in the Federal Register and submitted to the Congress a disposal plan for the remaining 219,000 bales. That plan has not been acted upon by either the House or the Senate Committees on Armed Services. This proposed legislation would accomplish the disposal of these remaining bales of extra long staple cotton and so would supplant that pending disposal plan.

In March 1961, President Kennedy urged that surplus Government-owned materials be used in connection with the revised foreign aid program. In endeavoring to utilize the unneeded extra long staple cotton removed from the stockpile by Public Law 85-96 for this program, it became apparent that a number of laws made such use difficult, if not undesirable. Accordingly, over a period of several months, staffs from the executive and legislative branches of the Government worked with representatives of the industry in developing a comprehensive disposal program which could overcome the several obstacles while protecting the public interest. The use of Public Law 480 and the provisions relating to annual marketing quotas set forth in the bills and explained in detail below are two important provisions of this disposal program. When in December

it was apparent that an effective disposal program could be agreed upon, the Director of the Office of Emergency Planning authorized the development of the disposal plan. The disposal bills introduced in February and March are based upon these joint efforts and are consistent with the general disposal plan on which all parties have been working.

The 219,000 bales of extra long staple cotton to be covered by this legislation represent substantial continuing costs to the Government. For example: Present annual storage costs alone total about \$554,000. In the past 5 years, it has cost about \$2,770,000 to store this cotton (these costs do not include the cost for the 50,000 bales of cotton which was authorized to be sold under Public Law 85-96).

SUMMARY OF PROPOSED BILL

The proposed legislation is based on five bills introduced by Congressman Rutherford, H.R. 10595; Congressman Montoya, H.R. 10427; Congressman Morris, H.R. 10428; Congressman Morris K. Udall, H.R. 10403; and, Congressman Rhodes of Arizona, H.R. 10296.

These bills introduced in February and March are identical and represent the proposals of the five Members from the area where practically all of the U.S. domestic supplies of extra long staple cotton are grown.

The six Senators from Arizona, New Mexico, and Texas have also introduced the same bill as S. 2955.

This proposed legislation, with the minor committee amendments, authorizes the sale of the remaining 219,000 bales of stockpile extra long staple cotton. The Department of Agriculture is given custody and sales authority. The Secretary, however, will not be required to obtain the concurrence of other interested departments and agencies in establishing periodical foreign disposal quotas and will be required to sell the foreign cotton at world market prices. The portion of the total consisting of about 47,500 bales of domestic grown cotton is to be sold domestically at not below the same minimum price for current sales of domestic production. The foreign-grown cotton consisting of about 172,000 bales is to be sold abroad, either commercially or by the use of the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480). Foreign disposals will not count as exports in establishing national marketing quotas. Net sales proceeds are to be transferred to the miscellaneous receipts of the Treasury.

ADMINISTRATION POSITION

Representing the executive branch, the Office of Emergency Planning in the Executive Office of the President, in response to a request from the committee, commented favorably upon the proposed legislation and recommended its enactment, subject to four amendments affecting the administration of the proposed disposal plan. The Office of Emergency Planning letter appears at the end of this report.

COMMITTEE ACTION]]

The Committee on Armed Services approved, with the inclusion of parts of the suggested amendments, the proposed legislation. The

committee approved two of the amendments, for the following reasons: The disposal agency, the Commodity Credit Corporation, will have exclusive custody and jurisdiction over the stockpile cotton as a result of amendments 1 and 2. Prior to this change, the Commodity Credit Corporation was to have custody of the domestically produced cotton in the stockpile and the General Services Administration would retain custody of the foreign-produced cotton in the stockpile. Having two custodial agents because of the place of origin of the cotton could be justified only if there were special contributions which each might make. In this case, since the Commodity Credit Corporation is the disposal authority and since the Commodity Credit Corporation is engaged in storing and selling its own inventories, good administration calls for the Commodity Credit Corporation to have custody of all the cotton.

The third amendment proposed by the Office of Emergency Planning would have required the Secretary of Agriculture to obtain the concurrence of other U.S. departments or agencies in the event he sought to sell the foreign-grown cotton below the world market price.

The Committee on Armed Services approved that portion of the proposed amendment which authorizes the Secretary of Agriculture to dispose of the foreign grown cotton at not less than the world market price as determined by the Secretary of Agriculture. However, the committee declined to require that the Secretary obtain the concurrence of other departments or agencies in the sale or disposal of the foreign grown cotton, and declined to authorize the sale of such foreign grown cotton at less than the world market price. However, the Secretary of Agriculture may determine the world market price.

POSITION OF WITNESSES

At the committee hearing, several witnesses spoke in support of the legislation. Congressman Rutherford, sponsor of the proposed legislation, explained the importance of this proposed legislation to the producing industry. Congressman Morris, a cosponsor, likewise testified in support of the legislation for himself and Congressman Montoya. Congressman Morris K. Udall and Congressman Rhodes of Arizona submitted statements indicating why they sponsored and supported the proposed legislation.

The administration testified in support of the proposed legislation in the form of an oral and a written statement by Mr. G. Lyle Belsley, Director of Resources Planning and Mobilization, who spoke in the absence of Mr. Edward A. McDermott, Director of the Office of Emergency Planning.

Mr. H. M. Rickman, President of the SuPima Association of America, testified in support of the proposed legislation and explained why the domestic growers had assisted in its development.

The National Cotton Council, the American Farm Bureau Federation, and the American Cotton Manufacturers Institute endorse the committee action.

No witnesses appeared in opposition and the committee has received no communications against the proposed legislation.

The domestic producers, through their SuPima Association, are supporting and urging adoption of this legislation, because they also recognize the special advantages of the present market conditions.

In addition, they are taking an enlightened and intelligent view that so long as these foreign inventories remain in Government inventories, without a disposal plan, they represent a threat to the market. They also realize that the domestically produced cotton in the stockpile may be needed to meet a current domestic demand.

This plan gives them the needed assurance that they can continue their strenuous and impressive efforts to expand domestic consumer demand for products using extra long staple cotton with a conviction that the expanded demand will be met by increased domestic production. Without a disposal plan similar to these bills, these stockpile inventories represent a threat to such efforts to expand demand.

Prompt enactment of this legislation will make it possible for the Department of Agriculture to take advantage of an unusual market situation. The principal producer and exporting nation—Egypt—this past year experienced a production decline of almost 40 percent, primarily traceable to insect infestation and flooding. While the Sudan had a substantial increase in production which covered much of the production loss in Egypt, the supply/demand is undoubtedly more favorable to disposal than it would be in an otherwise normal year.

COMMITTEE POSITION

The Committee on Armed Services unanimously urges enactment of the proposed legislation, as amended.

DETAILED ANALYSIS OF THE PROPOSED LEGISLATION

Disposal authorized

The Stockpiling Act requires express approval of the Congress before disposal can be undertaken. This legislation authorizes the disposal of all the remaining extra long staple cotton in the stockpile, and, therefore, meets that requirement.

CCC jurisdiction

The disposal plan, as set forth in this bill, transfers custody of the domestically grown and foreign grown stockpile cotton to the Commodity Credit Corporation for custody and disposal. The Commodity Credit Corporation is the agency of the Government responsible for administering the Government sales program of extra long staple cotton acquired as a result of the domestic support program, and so it should also administer the stockpile sales or disposal program. Separate custody and authority might lead to sale or disposal conflicts between the two agencies if the General Services Administration were to continue to have disposal responsibility for the foreign grown stockpile cotton.

Consistent with these general principles, the Office of Emergency Planning letter of April 3 to Chairman Vinson recommended two amendments which give the Commodity Credit Corporation custody of the foreign grown cotton in the same manner as the bill gives it control of the domestically grown cotton. The effect of these amendments is to transfer the entire inventory to the Commodity Credit Corporation in order to eliminate budgetary and other administrative problems and to expedite and consolidate disposals. The two amendments are:

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred."

(2) Page 1, line 9, put a period after the word "Corporation" and strike the words "in lots as requested."

The committee adopted these amendments.

Disposal price

Under the proposed legislation, the Commodity Credit Corporation will sell the domestically produced cotton at the same schedule of minimum prices as it sells the extra long staple cotton acquired in domestic price support operations. This basis for determining acceptable prices is currently being used in connection with the 50,000 bales of extra long staple cotton released for sale by Public Law 85-96 in 1957. Since almost all of that cotton has been sold without any affect on domestic market prices, there seems no reason to expect any problems in similar sales of the remainder of such cotton.

In connection with the disposal of the foreign grown cotton in the stockpile, the Office of Emergency Planning letter recommended a formula for determining minimum prices. However, the committee decided that such cotton should be sold only at world market prices, but as determined by the Secretary of Agriculture.

This portion of the recommended amendment is:

Page 2, line 11, remove the period at the end of the sentence and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture."

The added language makes it clear that export sales of foreign grown cotton will be at world market prices, as determined by the Secretary of Agriculture without obtaining the concurrence of other Government agencies.

Marketing quotas and acreage allotments

The proposed legislation contains a needed protection for domestic producers and the domestic textile industry in the provisions relating to annual national marketing quotas and production acreage allotments. This protection provides that the domestically produced stockpile cotton will not be counted in the determinations relating to the national marketing quotas and the resultant acreage allotments until it is sold by the Commodity Credit Corporation. In this manner, to the extent that stockpile sales increase either domestic consumption or exports, that increase will be reflected in the national marketing quotas. If such a provision were not included in the proposed legislation, the domestic producers might be forced to reduce their production by the quantity in the stockpile. Such a reduction would be undesirable because it would adversely affect these producers who are so important to the Nation's mobilization base for meeting potential defense needs for extra long staple cotton. This provision assures domestic growers that they can continue their present efforts to expand the demand for their product with the knowledge that the stockpile cotton will not materially affect the current production of extra long staple cotton that these market development activities create.

The proposed legislation also provides that exports of the foreign grown stockpile cotton will not be included in determining national marketing quotas. This provision protects the producers and the

other interested parties against artificially inflated export quantities which might otherwise require substantial and unwarranted increases in the domestic marketing quotas.

The proposed legislation also authorizes the use of the provisions of Public Law 480. This authority avoids the necessity of drafting many detailed provisions concerning foreign disposal because they have already been incorporated in Public Law 480. For example, these Public Law 480 safeguards protect against reexports and against sales to unfriendly foreign countries.

The operations under Public Law 480 concerning sales or other disposals of American upland cotton and of other surplus agricultural commodities are thoroughly understood by the producers, processors, and traders. The authority contained in Public Law 480 is adequate to assure that throughout the life of this disposal program, the full range of Government sales or disposal activities will be available. It would be hoped that in the administration of Public Law 480 disposals, new markets could be created for extra long staple cotton so that, in the long run, the disposal action and authority will positively contribute to the economic strength and prosperity of all of the extra long staple cotton producing countries, including the United States.

Net funds to Treasury

Consistent with all stockpile materials disposal plans and programs, the disposal agency, the Commodity Credit Corporation, will deliver to the Treasury of the United States as miscellaneous receipts the net proceeds from sales and dispositions of this extra long staple cotton. These net proceeds are determined after the Secretary of Agriculture has deducted administrative and other sales costs, as is the case with all other stockpile actions.

Waiver of 6 months' requirement

The proposed legislation makes no reference to the Stockpiling Act requirement for a Federal Register notice and a 6 months' delay. These procedures are widely and generally relied upon by foreign and domestic interests as protections against avoidable disruption of their usual markets. Except in most unusual cases, it is not wise to waive these procedures unless there are strong reasons to believe that such a waiver does, in fact, give additional protection against avoidable disruptions. In connection with this stockpile cotton, there are two unusual conditions which may warrant the waiver of these procedures.

(a) The unusual market conditions arising from the low production makes it possible to initiate disposals during this crop year under the terms of this proposed legislation.

(b) The notice to the industry and other interested parties was made in fact in March of 1957 when the Government determined that extra long staple cotton was no longer needed for the stockpile and later that year when Public Law 85-96 was adopted and when the General Services Administration published a disposal plan in August of 1957.

No impact on imports

This disposal legislation will have no impact on import quotas and import tariffs. Accordingly, it provides assurance to the domestic and foreign producers that it will not disrupt or interfere with existing U.S. Government programs concerning extra long staple cotton.

During the period in which cotton has been stockpiled, approximately 61,000 bales of the foreign grown cotton have been officially entered as part of the import quotas in earlier years. Since under this proposed legislation, all of the foreign grown cotton will be sold for export, the fact that some has been previously charged against quotas will have no effect on future import quotas.

Disposal period

It is difficult to estimate how long it will take to dispose of the cotton. However, unless abnormal conditions arise, it was estimated that the inventories of foreign grown cotton can probably be disposed of in 7 or 8 years with little impact on the market. The approximate 172,500 bales of foreign grown cotton in the stockpile represent less than 10 percent of total annual free world sales of this type of cotton. A disposal program spread over several years would be managed to assure no adverse market impact.

CONCLUSION

In summary, this is the most auspicious time for enactment of this proposed legislation and the amendments which would authorize disposal of the remaining extra long staple cotton in the stockpile. The cotton is not needed for national security purposes, but it is needed now for meeting immediate market demands. The domestic need arises because of the praiseworthy efforts of the domestic producers and the foreign need arises from the shortage of foreign production. This bill has the support of the producers, the traders, and the consumers, and appears to serve the best interests of the various governmental departments and agencies involved. It represents a comprehensive program for the orderly liquidation of these inventories. It gives the disposal authority to the agency best able to administer it. Its value at present market prices is approximately \$40 million. The Committee on Armed Services cannot urge too strongly the prompt enactment of this legislation.

The Office of Emergency Planning recommended enactment of the proposed legislation, with the amendments it has proposed, and the Bureau of the Budget interposed no objection as indicated by the following letter from the Director of the Office of Emergency Planning.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
OFFICE OF THE DIRECTOR,
Washington, D.C., April 3, 1962.

Hon. CARL VINSON,
Chairman, Committee on Armed Services,
House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: This has reference to your request of February 21, 1962, for our comments on H.R. 10296, a bill to facilitate the sale and disposal of Government stocks of extra long staple cotton.

The proposed bill would authorize the transfer to the Commodity Credit Corporation for disposal of all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act.

There is no present or anticipated need for stockpiling this material for the national security. The executive branch has recently undertaken the development of a plan for the disposal of such material substantially along the lines proposed by H.R. 10296.

For reasons which will be explained below, the Office of Emergency Planning recommends the following amendments to the proposed legislation:

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred."

(2) Page 2, line 9, put a period after the word "Corporation" and

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred."

(2) Page 2, line 9, put a period after the word "Corporation" and strike the words "in lots as requested."

It is our opinion that transferring the entire inventory would tend to expedite sales or disposals and eliminate budgetary and other administrative problems.

(3) Page 2, line 11, remove the period at the end of the sentence and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture, unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested government departments or agencies."

The added language makes it clear that export sales of foreign grown cotton may be at world market prices. It also assures that export sales on any other basis will not interfere with the international relations of the United States.

(4) Page 2, line 11, before the sentence beginning with the words "Such foreign grown cotton * * *" insert the following new sentence: "In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture, with the concurrence of other interested government departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

The addition of this sentence will establish an administrative process, which will permit Government officials involved in disposal of the foreign grown cotton to liquidate the inventories under terms and circumstances which will protect the United States against avoidable loss, and also protect producers, processors, and consumers against avoidable disruption of their markets.

With the inclusion of the amendments suggested above, the Office of Emergency Planning recommends enactment of H.R. 10296.

The Bureau of the Budget has advised that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

EDWARD A. McDERMOTT.

Extra long staple cotton

Present maximum objective-----	None removed Mar. 13, 1957. Was 150,000 bales.
Amount in inventory-----	109,615,001 pounds. Approximately 220,000 bales.
Amount of excess-----	Entire inventory.
Amount of excess proposed for disposal.	Do.

Extra long staple cotton—Continued

Approximate acquisition cost-----	\$128,590,562.
Date of F.R. notice-----	Aug. 30, 1957.
Quality-----	47,500 bales American-Egyptian varieties. 172,510 bales (500-pound equivalent) of Egyptian and Sudanese origin.
Determination to remove from stockpile list.	In case of an emergency a sufficient quantity of domestic extra long staple cotton can be grown to meet currently anticipated mili- tary and essential civilian needs.
Uses-----	Extra long staple cotton having a staple of 1½ inches or more in length constitutes only about 5 percent of free world cotton production. It is used in sewing thread, fine shirtings and dress goods, socks and knit underwear, and such industrial items as tracing cloth, typewriter ribbons, etc.
Present supplies-----	This year, Egypt is suffering from a heavy insect infestation and flood damage. For 1961-62, Egyptian production was down by 39 percent. The bumper crop in the Sudan will partially counterbalance the reduced Egyptian crop. The U.S. pro- duction is estimated to be about 64,000 bales.
Current market price-----	At the end of March 1962, the price of Egyptian Karnak, fully good cost, insur- ance, and freight, Liverpool, England, was 42.8 cents per pound. Under the pricing provision of sec. 407 of the Agricultural Act of 1949, as amended, the minimum price at which CCC can currently sell this cotton is 115 percent of the current sup- port price (53.17 cents per pound) plus reasonable carrying charges.
Consumption-----	Rising mill consumption in the United States is exceeding production plus imports (under quota) of extra long staple cotton. World consumption has been rising in recent years, primarily because of in- creased consumption in the Communist bloc.

SUMMARY OF H.R. 10595

Purpose of the bill: To facilitate the sale and disposal of Govern-
ment stocks of 219,000 bales of extra long staple cotton.

Committee amendments: Two amendments are technical and clari-
fying in nature. The third amendment requires the Secretary of
Agriculture to sell foreign cotton at world market prices.

Fiscal data: No cost to Government involved.

Departmental data: The Department of State, and the Office of
Emergency Planning recommend enactment, with the amendments it
has proposed, and the Bureau of the Budget interposes no objection.

Committee position: The committee accepted the proposed Office
of Emergency Planning amendments, but deleted the requirement that
the Secretary of Agriculture receive the concurrence of other depart-
ments and agencies in the disposal of the foreign grown cotton.

The Committee on Armed Services unanimously recommends enact-
ment, as amended.

87TH CONGRESS
2^D SESSION

H. R. 10595

[Report No. 1680]

IN THE HOUSE OF REPRESENTATIVES

MARCH 7, 1962

Mr. RUTHERFORD introduced the following bill; which was referred to the Committee on Armed Services

MAY 15, 1962

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Omit the part struck through and insert the part printed in italic]

A BILL

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, notwithstanding any other provision of law, all extra
4 long staple cotton remaining in the stockpile established
5 pursuant to the Strategic and Critical Materials Stock Piling
6 Act, as amended (50 U.S.C. 98), shall be withdrawn and
7 transferred or made available to the Commodity Credit
8 Corporation for disposition as provided herein. The domes-
9 tically grown cotton in the stockpile shall be transferred to
10 the Commodity Credit Corporation and shall be sold only for

1 unrestricted use at not less than the prices at which the
2 Commodity Credit Corporation may sell its stocks under the
3 minimum pricing provisions of section 407 of the Agricultural
4 Act of 1949, as amended. Such domestically grown
5 cotton shall be excluded in making any determination with
6 respect to national marketing quotas under the Agricultural
7 Adjustment Act of 1938, as amended, until after it is sold
8 by Commodity Credit Corporation. The foreign-grown cotton
9 in the stockpile shall be ~~made available~~ *transferred* to
10 the Commodity Credit Corporation ~~in lots as requested~~. Any
11 foreign-grown cotton transferred hereunder to the Commodity
12 Credit Corporation shall be sold or disposed of only for
13 ~~export~~ *export at not less than the world market price, as*
14 *determined by the Secretary of Agriculture. In administering*
15 *sales or disposals of the foreign-grown cotton, the Secretary*
16 *of Agriculture shall periodically determine and announce*
17 *quotas for disposals by commercial sales and for disposals*
18 *through the Agricultural Trade Development and Assistance*
19 *Act of 1954, as amended.* Such foreign-grown cotton shall
20 be excluded in making any determination with respect to
21 national marketing quotas under the Agricultural Adjustment
22 Act of 1938, as amended, and shall be considered as
23 domestically grown surplus cotton for purposes of sale or
24 disposal under the provisions of the Agricultural Trade
25 Development and Assistance Act of 1954, as amended, and

1 shall be eligible for sale or disposal thereunder in accordance
2 with the provisions of this Act.

3 Proceeds from such sales and dispositions, less costs in-
4 curred by Commodity Credit Corporation, including adminis-
5 trative expense, as determined by the Secretary of Agricul-
6 ture, shall be covered into the Treasury of the United States
7 as miscellaneous receipts.

87TH CONGRESS
2^D Session

H. R. 10595

[Report No. 1680]

A BILL

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

By Mr. RUTHERFORD

MARCH 7, 1962

Referred to the Committee on Armed Services

MAY 15, 1962

Reported with amendments, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued May 22, 1962

For actions of May 21, 1962

87th-2d, No. 80

CONTENTS

Appropriations.....	10	Federal aid.....	29	Public works.....	6,34
Atomic energy.....	10	Finances.....	19	Reclamation.....	36
Banking.....	23	Food stamps.....	14	Retirement.....	32
Census.....	18	Foreign aid.....	16,33	School lunch.....	5,13
Centennials.....	9	Foreign trade.....	15	Seeds.....	2
Consumers.....	32	Health care.....	21	Stockpiling.....	7
Corn tassel.....	27	Homesteads.....	22	Taxation.....	4,35
Cotton.....	1	Lands.....	11,31	Textiles.....	1
Dairy industry.....	25	Libraries.....	30	Transportation.....	17
Education.....	37	Life insurance.....	20	Water pollution.....	8
Farm program.....	3,12,26	Personnel.....	20,28,32	Watersheds.....	24

HIGHLIGHTS: Senate began debate on farm bill. House passed bill for disposal of stocks of extra long staple cotton. House passed bill to prohibit importation of seed screenings.

HOUSE

1. COTTON. Passed as reported H. R. 10595, to facilitate the sale and disposal of Government stocks of extra long staple cotton. The committee report states:

"This proposed legislation, with the minor committee amendments, authorizes the sale of the remaining 219,000 bales of stockpile extra long staple cotton. The Department of Agriculture is given custody and sales authority. The Secretary, however, will not be required to obtain the concurrence of other interested departments and agencies in establishing periodical foreign disposal quotas and will be required to sell the foreign cotton at world market prices. The portion of the total consisting of about 47,500 bales of domestic grown cotton is to be sold domestically at not below the same minimum price for current sales of domestic production. The foreign-grown cotton consisting of about 172,000 bales is to be sold abroad, either commercially or by the use of the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law

480). Foreign disposals will not count as exports in establishing national marketing quotas. Net sales proceeds are to be transferred to the miscellaneous receipts of the Treasury."

Rep. Hemphill discussed the plight of the textile industry and the price differential on cotton imports, saying, "It is manifestly unfair to domestic producers to force them to pay more for their raw product than foreign producers pay." p. 8183

2. SEEDS. Passed without amendment H. R. 5546, to amend the Federal Seed Act, as amended, so as to prohibit the importation of any type of seed screenings. p. 8171
3. FARM PROGRAM. Rep. Berry criticized the USDA's role in the Estes case and said, "Congress owes the American people a precise searching analysis and answers to many important questions." p. 8194
4. TAXATION. Rep. Harsha criticized a charge by Mortimer Chapin, Commissioner of IRS, that American farmers fail to report an estimated \$4 billion a year in taxable income, saying, "to categorically say that the American farmers are evading income taxes is a serious charge and he should either prove it or apologize." p. 8170
5. SCHOOL LUNCH. At the request of Rep. Bailey, removed from the Consent Calendar H. R. 8962, to revise the formula for apportioning cash assistance funds among the States under the National School Lunch Act, since the committee has reported a revised bill, H. R. 11665. p. 8170
6. PUBLIC WORKS. Passed without amendment H. J. Res. 688, providing for the designation of the week commencing October 14, 1962, as "National Public Works Week." p. 8171
7. STOCKPILING. At the request of Rep. McFall, passed over without prejudice H. Con. Res. 473, providing the express approval of the Congress, pursuant to section 3(e) of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98b(e)), for the disposition of certain materials from the national stockpile. p. 8174
8. WATER POLLUTION. Passed as reported H. R. 10617, providing that the United States district courts shall have jurisdiction of certain cases involving pollution of interstate river systems, and providing for the venue thereof. pp. 8175-6
9. CENTENNIALS. Rep. Pfof discussed the centennial of the Homestead Act, saying, "I think the greatest contribution that the Homestead Act made was in the extension of the principle that the public lands of the United States should not be hoarded but should be developed for their highest and best use." p. 8177
10. APPROPRIATIONS; ATOMIC ENERGY. Received from the President an amendment to the budget for the fiscal year 1963 involving an increase of \$210,800,000 for the Atomic Energy Commission (H. Doc. 409). p. 8197
11. LANDS. The Government Operations Committee reported the "Fifteenth reprint pertaining to land appraisal practices" (H. Rept. 1717). p. 8198

There being no objection, the Clerk read the Senate joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, within one year after the date of enactment of this joint resolution, the Secretary of the Air Force is authorized to admit Prabaddh Riddhagni, a citizen and subject of the Kingdom of Thailand, to the United States Air Force Academy for the purpose of receiving instruction at such Academy if the Secretary find the said Prabaddh Riddhagni to be mentally and physically qualified; but the United States shall not be subject to any expense on account of such instruction.

SEC. 2. Except as may be otherwise determined by the Secretary of the Air Force the said Prabaddh Riddhagni shall, as a condition to receiving instruction under the provisions of this joint resolution, agree to be subject to the same rules and regulations governing admission, attendance, discipline, resignation, discharge, dismissal, and graduation, as cadets at the United States Air Force Academy appointed from the United States; but the said Prabaddh Riddhagni shall not be entitled to appointment to any office or position in the United States Air Force by reason of his graduation from the United States Air Force Academy.

SEC. 3. Nothing in this joint resolution shall be construed to subject the said Prabaddh Riddhagni to the provisions of section 9348 of title 10 of the United States Code.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House resolution (H.J. Res. 559) was laid on the table.

INSTRUCT TWO BELGIAN CITIZENS IN NAVAL ACADEMY

The Clerk called the resolution (H.J. Res. 656) authorizing the Secretary of the Navy to receive for instruction at the U.S. Naval Academy at Annapolis two citizens and subjects of the Kingdom of Belgium.

The SPEAKER pro tempore. Is there objection to the present consideration of the joint resolution?

There was no objection.

Mr. RIVERS of South Carolina. Mr. Speaker, I ask unanimous consent that a similar Senate resolution (S.J. Res. 175) be considered in lieu of the House resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There being no objection, the Clerk read the Senate joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy is authorized to permit, within eighteen months after date of enactment of this joint resolution, two persons, citizens and subjects of the Kingdom of Belgium, to be admitted for instruction at the United States Naval Academy at Annapolis, Maryland; but the United States shall not be subject to any expense on account of such instruction.

SEC. 2. Except as may be otherwise determined by the Secretary of the Navy such persons shall, as a condition to receiving instruction under the provisions of this joint resolution, agree to be subject to the same

rules and regulations governing admission, attendance, discipline, resignation, discharge, dismissal, and graduation, as midshipmen at the United States Naval Academy appointed from the United States; but they shall not be entitled to appointment to any office or position in the United States Navy by reason of their graduation from the United States Naval Academy.

SEC. 3. Nothing in this joint resolution shall be construed to subject such persons to the provisions of section 6959 of title 10 of the United States Code.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House resolution (H.J. Res. 656) was laid on the table.

SALE AND DISPOSAL OF EXTRA LONG STAPLE COTTON

The Clerk called the bill (H.R. 10595) to facilitate the sale and disposal of Government stocks of extra long staple cotton.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign-grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign-grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign-grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

With the following committee amendments:

On page 2, line 8, strike out the words "made available" and insert in lieu thereof of the word "transferred."

On page 2, line 9, place a period after the word "Corporation" and strike out the words "in lots as requested."

On page 2, line 11, remove the period after the word "export" and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and read the third time, and passed, and a motion to reconsider was laid on the table.

RELATING TO WATER POLLUTION DISPUTES

The Clerk called the bill (H.R. 10617) providing that the U.S. district courts shall have jurisdiction of certain cases involving pollution of interstate river systems, and providing for the venue thereof.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. ASPINALL. Mr. Speaker, reserving the right to object, and I do not intend to object, I understand that the date given on the Consent Calendar is incorrect; that the date should be May 15 rather than May 16, thereby making this particular bill eligible for consideration.

The SPEAKER pro tempore. The Chair will advise the gentleman from Colorado that the correction has already been made.

Mr. PELLY. Mr. Speaker, reserving the right to object, it is my understanding that this bill has been changed to meet the objections of the Department of Justice. May I ask if that is correct?

Mr. ROGERS of Colorado. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from Colorado.

Mr. ROGERS of Colorado. Mr. Speaker, there are certain amendments on the desk that have not as yet been adopted. The objective of those amendments is to make it crystal clear that under no circumstances would any State be giving its consent to be sued in a local, Federal district court, unless it so stipulates in the compact. We were fearful that the bill as drawn would permit suits to be instituted where compacts have existed between States. However, through the amendments that are now at the desk, which I am hopeful will be adopted, we have eliminated that objection so that only in the future the State, if it so desires, may place the same in the compact.

Mr. PELLY. Mr. Speaker, in view of the explanation by the gentleman from Colorado [Mr. ROGERS], I withdraw my reservation.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)

the United States district courts shall have original jurisdiction (concurrent with that of the Supreme Court of the United States, and concurrent with that of any other court of the United States or of any State of the United States, in matters in which the Supreme Court, or any other court, has original jurisdiction) of any case or controversy—

(1) which involves the construction or application of an interstate compact which (A) in whole or in part relates to the pollution of the waters of an interstate river system or any portion thereof; and

(2) which involves pollution of the waters of such river system, or any portion thereof, alleged to be in violation of the provisions of said compact; and

(3) in which one or more of the States signatory to said compact is a plaintiff or plaintiffs; and

(4) which is within the judicial power of the United States as set forth in the Constitution of the United States.

(b) The district courts shall have original jurisdiction of a case or controversy such as is referred to in subsection (a) of this section, without any requirement, limitation, or regard as to the sum or value of the matter in controversy, or of the place of residence or situs or citizenship, or of the nature, character, or legal status, of any of the proper parties plaintiff or defendant in said case or controversy other than the signatory State or States plaintiff or plaintiffs referred to in paragraph (3) of subsection (a) of this section: *Provided*, That nothing in this Act shall be construed as authorizing a State to sue its own citizens in said courts.

(c) The original jurisdiction conferred upon the district courts by this section shall include, but not be limited to, suits between States signatory to such interstate compact.

(d) The venue of such case or controversy shall be as prescribed by law: *Provided*, That in addition thereto, such case or controversy may be brought in in any judicial district in which the acts of pollution complained of, or any portion thereof, occur, regardless of the place or places of residence, or situs, of any of the parties plaintiff or defendant.

SEC. 2. If any part or application of this Act should be declared invalid by a court of competent jurisdiction, said invalidity shall not affect the other parts, or the other applications, of said Act.

With the following committee amendments:

On page 1, line 10, after "which", insert "(A)".

On page 2, line 2, after "thereof", insert ", and (B) expresses the consent of the States signatory to said compact to be sued in a district court in any case or controversy involving the application or construction thereof".

On page 2, line 24, after "compact" insert ": *Provided*, That nothing in this Act shall be construed as authorizing a State to sue another State which is not a signatory to such compact in said courts".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER pro tempore. This is the last eligible bill upon the calendar.

ONE HUNDRED YEARS OF HOMESTEADING

(Mr. ASPINALL asked and was given permission to extend his remarks at this point in the RECORD and include a letter from the Secretary of the Interior with a copy of a bill.)

Mr. ASPINALL. Mr. Speaker, 100 years ago yesterday a great President, Abraham Lincoln, signed into law a bill that was destined to provide for the settlement and development of the West by many farmers and stockmen. This was the Homestead Act under which, in return for contributing to our economy by cultivating and improving the land, a settler could obtain title to 160 acres of public land.

The act became effective January 1, 1863, and with it, as settlers filed their claims at the various designated Government offices, there was impressed in the American folklore the term that is still expressive today: "Doing a land office business." Indeed, the land offices did a tremendous business and 418 persons filed on the very first day that the law was in operation.

Because of the requirement that the land be lived upon for 5 years the first patent for land titles could not be issued until 1869, during which year several hundred were executed, marking the start of a long procession transferring public lands directly to private ownership in exchange for the consideration of invested labor rather than payment of dollars. In the hundred years of operation of the Homestead Act over 1½ million people have homesteaded over 270 million acres of public land. This was no giveaway program. Those who obtained title to the land made their payments in the endowment to the United States gained through the development of the West.

In my own State of Colorado 107,618 people have claimed title to 22,146,400 acres of land through homesteading. Only in Montana and North Dakota were there more people involved; and only in Montana and Nebraska was more land turned into private ownership out of the 31 States in which patents were issued under the Homestead Act. I, therefore, have a dual pride in marking this century of the Homestead Act for, as chairman of the Interior and Insular Affairs Committee, having jurisdiction over this type of legislation, I salute our predecessors in Congress for their wisdom and, as a Representative from the State of Colorado, I can point to the development that resulted from this act.

It is fitting, Mr. Speaker, that on this day marking 100 years of progress under the Homestead Act, that I introduce, at the request of the Department of the Interior, a bill designed to modernize the agricultural public land laws and include as a part of my remarks the letter from the Assistant Secretary of the Interior explaining the proposed legislation and submitting a draft of a proposed bill entitled "A bill to permit applications for entry under the public land agricultural laws to be filed only for lands designated as open to such application, and for other purposes."

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., April 5, 1962.

Hon. JOHN W. McCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: Enclosed is a draft of a proposed bill "to permit applications for entry under the public land agricultural laws to be filed only for lands designated as

open to such application, and for other purposes."

We request that the proposed bill be referred to the appropriate committee for consideration, and we recommend that it be enacted.

In our executive communication of June 14, 1961, with which we transmitted to you our proposed bill "to authorize the classification, segregation, lease, and sale of public land for urban, business, and occupancy sites, to repeal obsolete statutes, and for other purposes" (subsequently introduced as H.R. 7788 and H.R. 7789), we stated that we were undertaking a comprehensive re-examination of the nonmineral public land laws, and we submitted an outline of six specific items which we had under consideration. The second of these items was a new approach to the disposition of public lands considered to be chiefly valuable for agriculture. Our recommendations in that area are embodied in the proposed bill.

The basic laws governing the disposition of agricultural lands are the Homestead Act (sec. 2286 of the Revised Statutes, as amended; 43 U.S.C., sec. 161 et seq.), the Desert Land Act (19 Stat. 377, as amended; 43 U.S.C., sec. 321, et seq.), the Enlarged Homestead Act (35 Stat. 639, as amended; 43 U.S.C., sec. 218, et seq.), the Kincaid Act (33 Stat. 547, as amended; 43 U.S.C., sec. 224), the Reclamation Act (32 Stat. 388; 43 U.S.C., sec. 372, et seq.), the National Forest Homestead Act (16 U.S.C., secs. 506-509), and the Alaska Homestead Act (30 Stat. 409, as amended; 48 U.S.C., sec. 371). These laws induced persons to till the soil and build homes in distant and often desolate areas which would ordinarily have no lure for a prospective settler, except that land could be obtained at low cost, albeit with much labor.

But since these acts were passed, and partly as a result of them, the situation in the United States has changed. No longer are there available vast quantities of easily cultivable land: those lands best suited for agriculture were long ago patented. We do have scattered areas of land which may be suitable for agricultural purposes. The remainder is predominantly submarginal lands, which often require large expenditures of money to be made productive, and which frequently, after being made productive, are devoted to the cultivation of crops already overproduced in this country.

The identification of those areas which appear to have reasonable agricultural potential as a prior step to the receipt of agricultural applications therefor would tend to minimize the indiscriminate filing of such applications. Under present procedures, people often are wont to apply for submarginal lands, and to spend large amounts of money for their development, often in the hope that after the laws are complied with, and patent obtained, the land might quickly, and at a profit, be devoted to some nonagricultural use. Lands along roads and highways are thus especially sought after, and put into cultivation, by persons whose interest in agriculture is transitory.

These procedures often result in many agricultural applications which have little or no chance of favorable action, with concomitant loss of time and money by both the applicants and the Government. This is not consonant with the public interest.

The proposed bill contemplates the alleviation of this situation by vesting in the Secretary of the Interior the authority to designate broadly those areas which have ostensible agricultural potential as open for the filing of such applications. No agricultural applications would be received for any undesignated public lands. This provision would operate as a prelude to the final classification of the land envisaged by section 7 of the Taylor Grazing Act, 43 U.S.C. 315f.

87TH CONGRESS
2D SESSION

H. R. 10595

IN THE SENATE OF THE UNITED STATES

MAY 22, 1962

Read twice and referred to the Committee on Agriculture and Forestry

AN ACT

To facilitate the sale and disposal of Government stocks of
extra long staple cotton.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, notwithstanding any other provision of law, all extra
4 long staple cotton remaining in the stockpile established
5 pursuant to the Strategic and Critical Materials Stock Piling
6 Act, as amended (50 U.S.C. 98), shall be withdrawn and
7 transferred or made available to the Commodity Credit
8 Corporation for disposition as provided herein. The domes-
9 tically grown cotton in the stockpile shall be transferred to
10 the Commodity Credit Corporation and shall be sold only for
11 unrestricted use at not less than the prices at which the

87TH CONGRESS
2^D SESSION

H. R. 10595

AN ACT

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

MAY 22, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

GOVERNMENT STOCKS OF EXTRA-LONG-STAPLE COTTON

U. S. DEPARTMENT OF AGRICULTURE
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LEGISLATIVE REPORTING

HEARING
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON
AGRICULTURE AND FORESTRY
UNITED STATES SENATE
EIGHTY-SEVENTH CONGRESS
SECOND SESSION
ON
S. 2955 and H.R. 10595
TO FACILITATE THE SALE AND DISPOSAL OF GOVERNMENT
STOCKS OF EXTRA-LONG-STAPLE COTTON

JUNE 28, 1962

Printed for the use of the
Committee on Agriculture and Forestry



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1962

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CONTENTS

Statement of—

Burmeister, Gustave, assistant legislative director, American Farm Bureau Federation.....	Page 15
Duncan, Hon. John P., Jr., Assistant Secretary of Agriculture.....	7
Dunn, Read, director of foreign trade, National Cotton Council.....	17
Hayden, Hon. Carl, a U.S. Senator from the State of Arizona.....	5
Howe, Percy S., Jr., chairman of the board, American Thread Co., and chairman, extra-long-staple cotton committee, American Cotton Manufacturers Institute, New York, N.Y.....	20
Johnson, Reuben L., associate director, legislative services, National Farmers Union.....	14
Rickman, H. M., president, SuPima Association of America, El Paso, Tex.....	24
Wood, Claude, administrative assistant to Senator Anderson.....	13
Yarborough, Hon. Ralph W., a U.S. Senator from the State of Texas...	10
Young, J. Banks, Washington representative, National Cotton Council.....	17

Miscellaneous documents:

S. 2955 and H.R. 10595, 87th Congress.....	1
Reports on S. 2955 from—	
Office of Emergency Planning.....	2
General Services Administration.....	3
Department of State.....	3
Department of Agriculture.....	4
Table, supply and distribution of extra-long-staple cotton.....	8
Letter from Senator Chavez.....	12
Letter from Senator Goldwater.....	13
Statement of Senator Anderson.....	13
Statement filed by Senator Tower.....	25

GOVERNMENT STOCKS OF EXTRA-LONG-STAPLE COTTON

THURSDAY, JUNE 28, 1962

U.S. SENATE,
SUBCOMMITTEE ON AGRICULTURAL PRODUCTION,
MARKETING, AND STABILIZATION OF PRICES,
COMMITTEE ON AGRICULTURE AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:07 a.m., in room 324, Senate Office Building, Senator B. Everett Jordan presiding.

Present: Senators Jordan, Proxmire, and Aiken.

Senator JORDAN. The subcommittee will come to order.

(S. 2955, H.R. 10595, and reports from executive departments are as follows:)

[S. 2955, 87th Cong., 2d sess.]

A BILL To facilitate the sale and disposal of Government stocks of extra long staple cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign grown cotton in the stockpile shall be made available to the Commodity Credit Corporation in lots as requested. Any foreign grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export. Such foreign grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

[H.R. 10595, 87th Cong., 2d sess.]

AN ACT To facilitate the sale and disposal of Government stocks of extra long staple cotton

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98),

shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign-grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation. Any foreign-grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended. Such foreign-grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

Passed the House of Representatives May 21, 1962.

Attest:

RALPH R. ROBERTS, *Clerk.*

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF EMERGENCY PLANNING,
OFFICE OF THE DIRECTOR,
Washington, D.C., March 30, 1962.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This has reference to your request of March 9, 1962, for our comments on S. 2955, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

The proposed bill would authorize the transfer to the Commodity Credit Corporation for disposal of all extra-long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act.

There is no present or anticipated need for stockpiling this material for the national security. The executive branch has recently undertaken the development of a plan for the disposal of such material substantially along the lines proposed by S. 2955.

For reasons which will be explained below, the Office of Emergency Planning recommends the following amendments to the proposed legislation:

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred".

(2) Page 2, line 9, put a period after the word "Corporation" and strike the words "in lots as requested".

It is our opinion that transferring the entire inventory would tend to expedite the sales or disposals and eliminate budgetary and other administrative problems.

(3) Page 2, line 11, remove the period at the end of the sentence and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture, unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested government departments or agencies."

The added language makes it clear that export sales of foreign grown cotton may be at world market prices. It also assures that export sales on any other basis will not interfere with the international relations of the United States.

(4) Page 2, line 11, before the sentence beginning with the words "Such foreign grown cotton . . ." insert the following new sentence: "In administering sales or disposals of the foreign grown cotton, the Secretary of Agri-

culture, with the concurrence of other interested government departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

The addition of this sentence will establish an administrative process, which will permit Government officials involved in disposal of the foreign grown cotton to liquidate the inventories under terms and circumstances which will protect the United States against avoidable loss, and also protect the producers, processors, and consumers against avoidable disruption of their markets.

With the inclusion of the amendments suggested above, the Office of Emergency Planning recommends enactment of S. 2955.

The Bureau of the Budget has advised that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

(S) EDWARD A. McDERMOTT,
Acting Director.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 6, 1962.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Your letter of March 9, 1962, requested a report on S. 2955, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

The bill would direct that all extra-long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended, 50 U.S.C. 98-98h, shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided therein.

General Services Administration recommends the enactment of the bill, since there is ample evidence to support the conclusion that, in the event of an emergency, a sufficient quantity of domestic extra-long-staple cotton can be grown to meet currently anticipated military and essential civilian needs. It is suggested, however, that the fourth and fifth sentences of the bill be deleted and there be substituted the language "The foreign grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold or disposed of only for export." This change, if the bill is enacted, would result in the immediate transfer of the foreign grown cotton to the Commodity Credit Corporation. The bill now provides for the immediate transfer of the domestically grown cotton to the Commodity Credit Corporation. Simultaneous transfer of the entire quantity, regardless of origin, would be more efficient and would promote administrative and storage savings. The reasons for such savings and improved management are given in detail in a March 13, 1962, letter from GSA to OEP and a March 16, 1962, letter from OEP to Agriculture, copies of which are enclosed.

It is our understanding that the Office of Emergency Planning in its report to your committee on S. 2955 has proposed certain amendments thereto. The General Services Administration would have no objection to such amendments.

The Bureau of the Budget has advised, that from the standpoint of the administration's program, there is no objection to the submission of this report to your committee.

Sincerely yours,

(S) BERNARD L. BOUTIN, *Administrator.*

DEPARTMENT OF STATE,
Washington, May 1, 1962.

HON. ALLEN J. ELLENDER,
U.S. Senate.

DEAR MR. CHAIRMAN: Acting Director Edward A. McDermott recently sent you the views of the Office of Emergency Production on H.R. 10296, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton. The Department of State is in agreement with these views. I should like to make available for your consideration further comments which relate to the foreign

policy aspects which the Department believes the Congress will wish to be aware of in its deliberations on this legislation.

[The export of extra-long-staple cotton is of considerable importance to the economies of several less developed countries, in particular Sudan, United Arab Republic, and Peru. These countries are dependent on the export of extra-long-staple cotton for a goodly portion of their foreign exchange earnings. In the case of the Sudan and the UAR, this commodity accounts for about 55 and 70 percent, respectively, of total export earnings. Since this commodity is susceptible to particularly volatile price swings, these foreign governments are concerned that our disposal operations not adversely affect their precarious balance-of-payments position. Fostering good relationships with these countries is an important part of our overall foreign policy. Within this general objective, the United States has undertaken various programs of assistance to these countries. In particular, we are attempting to assist and encourage these countries in their own efforts to develop their own economies. It will be much in the U.S. interest, therefore, that our disposal of extra-long-staple cotton be conducted in a way which will neither tend to counter our own efforts to help these countries, nor to impair seriously their own efforts to help themselves.]

For these reasons the Department of State believes it is most important that the amendments to the proposed legislation recommended in Mr. McDermott's letter be adopted.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Very truly yours,

(S) FREDERICK G. DUTTON,
Assistant Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 5, 1962.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
U.S. Senate.*

DEAR SENATOR ELLENDER: This is in reply to your request of March 9, 1962, for a report on S. 2955, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

The Department favors the enactment of this bill with amendments as set forth below.

The bill provides that all extra-long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended, shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition. The domestically grown cotton in the stockpile would be transferred to the Commodity Credit Corporation for sale for unrestricted use only at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. It also provides that the domestically grown portion of the cotton in the stockpile shall be excluded in making any determination with respect to national marketing quotas until after it is sold by the CCC. The foreign-grown cotton in the stockpile would be made available to CCC in lots as requested for sale or disposal for export only. Such foreign-grown cotton would be excluded in making any determination with respect to national marketing quotas but would be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and would be eligible for sale or disposal thereunder as provided in that act.

About 10 years ago approximately 269,000 bales of extra-long-staple cotton were placed in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act. Early in 1957, extra-long-staple cotton was removed from the list of critical and strategic materials. Under Public Law 85-96, dated July 1, 1957, Congress authorized the release for sale by CCC of 50,000 bales of domestically produced stockpile cotton. All but a few thousand bales of this cotton has been sold. There are presently some 219,000 bales of extra-long-staple cotton in the stockpile which have not been made available for sale. Of this cotton, about 47,000 bales are American grown, and about 172,000 bales are of Egyptian and Sudanese origin.

We are of the opinion that the cotton remaining in the stockpile should be made available for sale as soon as practicable. Market conditions for extra-long

staple cotton are currently fairly favorable and it appears that it will be possible to dispose of some of the stockpile cotton in the next few months if this bill is enacted into law promptly. The sale of the domestically produced cotton released for sale in 1957 was accomplished without adversely affecting domestic market prices, and we would expect no serious problem under the provisions of this bill in the disposition of the remainder of such cotton. None of the foreign grown stockpile cotton has been released; however, we believe this cotton also should be made available for disposition.

This foreign grown cotton might be used in some cases in lieu of aid dollars. Its disposition would have the effect of improving our balance of payments position and reducing Government outlays through savings on carrying costs.

The amendments recommended by the Department are as follows:

On page 2, line 8, strike out the words "made available" and insert in lieu thereof the word "transferred".

On page 2, line 9, place a period after the word "Corporation" and strike out the words "in lots as requested".

On page 2, line 11, remove the period after the word "export" and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

These amendments to S. 2955 are the same as those agreed to by the House of Representatives on May 21, 1962, when H.R. 10595 was considered and passed.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

(S) ORVILLE L. FREEMAN, *Secretary*.

Senator JORDAN. We are glad to have you with us this morning, Senator Hayden, and we will be glad to hear you first.

STATEMENT OF HON. CARL HAYDEN, A U.S. SENATOR FROM THE STATE OF ARIZONA

Senator HAYDEN. Mr. Chairman, I am happy to appear here today in support of H.R. 10595, a bill to facilitate the sale and disposal of Government-owned stocks of long-staple cotton, which are in the strategic stockpile.

This bill as it passed the other body is with minor modifications similar to S. 2955, a bill which was jointly introduced by my colleague and myself, and the Senators from New Mexico and Texas, all of whom are interested in the orderly disposition of extra-long-staple cotton produced in the United States.

I am informed that the Secretary of Agriculture has reported favorably to this committee on S. 2955, and that all but a few thousand of the 50,000 bales of long-staple cotton authorized to be sold under Public Law 85-96, dated July 1, 1957, have now been disposed of by the Commodity Credit Corporation.

The domestic long-staple cotton released pursuant to the 1957 law has been sold without adverse effect on the domestic market, and the Department expects no difficulty would be experienced in disposing of the remainder of the domestically produced long-staple cotton at the same schedule of prices as were authorized in the 1957 act.

The extra-long-staple cotton which is produced in Arizona, Texas, and New Mexico is the world's finest fiber. The growers of this cotton are entering a new era of expanding demand coupled with the ability to produce assured stable supplies.

U.S. producers of extra-long-staple cotton, in the early fifties, decided to move aggressively to stabilize their production and build a

permanent and expanding commercial market. They formed the SuPima Association of America and contributed \$3 a bale to a market development program.

SuPima cotton obtained its name from the fact that long-staple cottonseed, obtained in Egypt, was planted on an experimental farm on the Pima Indian Reservation in Pinal County, Ariz. The present name means Superior Pima since it is better than the original cotton that was developed there.

Through intensive research, with the cooperation of State and Federal agricultural agencies, new varieties were developed with better fiber qualities and higher yields and more effective production methods devised. As a result, the quality of American extra-long-staple cotton is now equal or superior to that of foreign cottons.

The foreign-grown cotton in the stockpile would be eligible for sale under the general provisions of the Agricultural Trade and Assistance Act of 1954, as amended.

To stimulate demand, the SuPima Association conducts a national advertising and sales promotion program. As a result, some of the largest and most prominent manufacturers of name brand clothing and some of the largest and best known retail chains have signed agreements to market a wide range of men's, women's, and children's apparel articles made of 100 percent American extra-long-staple cotton under the SuPima label.

Because of its wide acceptance, the use of SuPima cotton by American mills has increased dramatically. During the current season, which ends July 31, 1962, consumption is expected to be around 100,000 bales. This is more than double the 46,000 bales that were consumed in the 1958 season and a tenfold increase over the level of consumption in the early 1950's.

It is this tremendous demand that has created the need for this legislation. The 47,500 bales of domestically produced cotton in the stockpile that will become available is necessary and adequate to provide domestic mills an assured supply of cotton until the 1962 crop is ready in quantity.

The reason for requiring the foreign-grown cotton to move only in export markets is one of equity. It would be completely unfair to permit this cotton to usurp a demand and a growing market created by the efforts of our farmers.

The disposal plan provided by the bill is simple and fair to all interests. Its early and favorable approval will be a real help to the farmers who grow extra-long-staple cotton. As I have stated, the Department of Agriculture has indicated that market conditions are currently favorable for the disposition of this stockpile, and receipts to the Treasury from the sale thereof are urgently needed as well as to eliminate further governmental cost involved in continuing to store this unneeded supply of cotton.

I understand that both the domestic long-staple cotton, as well as the foreign-grown supply, can be readily disposed of due in part to favorable market demand resulting from the supply situation prevailing here and abroad.

I urge the committee to approve the bill as it came from the other body in order to facilitate the disposition of this cotton as soon as possible.

Mr. H. M. Rickman, president of the SuPima Association of America, will also present testimony in regard to this matter.

I thank you for this opportunity to appear before you.

Senator JORDAN. I am delighted that you were able to be here this morning. I know of your great interest in this matter. And I am sure we can work this out in a way that will be satisfactory to the SuPima interests.

I might add that Senator Johnston should have held this subcommittee meeting, but I am glad to do it.

Mr. John P. Duncan, Jr., Assistant Secretary of Agriculture.

Mr. Secretary, we are glad to have you with us.

STATEMENT OF HON. JOHN P. DUNCAN, JR., ASSISTANT SECRETARY OF AGRICULTURE

Mr. DUNCAN. I have with me Mr. Ralph H. Raper of our Cotton Division.

Senator JORDAN. We are glad to have you with us today.

Mr. DUNCAN. I am John P. Duncan, Assistant Secretary of Agriculture. I appreciate the opportunity to be here today to discuss with you the provisions of H.R. 10595 and S. 2955 with recommended amendments, which are bills to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

In 1951 and 1952, approximately 269,000 bales of extra-long-staple cotton were purchased by the Department and placed in national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act. Of this quantity, about 97,000 bales were of American growth and about 172,000 bales (converted to 500-pound bales) were of Egyptian and Sudanese origin. Early in 1957 extra-long-staple cotton was removed from the list of critical and strategic materials. Under Public Law 85-96, dated July 1, 1957, Congress authorized the release for sale by Commodity Credit Corporation of 50,000 bales of domestically produced stockpile cotton. All of this cotton but 6,222 bales has been sold.

The disappearance (consumption and exports) of extra-long-staple cotton in the United States has increased considerably in recent years. This is particularly true with respect to domestic consumption. Mill consumption has ranged from about 79,500 bales in the 1951-52 marketing year to about 165,000 bales currently estimated for the 1961-62 marketing year. The estimated record consumption this year is about 17,100 bales more than the previous record consumption of the 1960-61 season. Exports of extra-long-staple cotton from the United States are usually small, ranging from none in the early 1950's to nearly 60,000 bales in 1956-57, and probably will be 10,000 bales or less during the current season. Disappearance of extra-long-staple cotton during the 1961-62 season is currently estimated at about 175,000 bales. The U.S. carryover of extra-long-staple cotton on August 1, 1961, is currently estimated at about 106,800 bales, 28,000 bales below August 1, 1961, and the lowest since 1957. On the supply side, production and imports have remained fairly stable. The supply and distribution of extra-long-staple cotton in the United States since 1951 is summarized as follows—Mr. Chairman, you have the table there to show that.

Senator JORDAN. We will include that in the record.

(The table referred to follows:)

Year beginning Aug. 1—	Supply ¹				Distribution ¹		
	Carryover beginning of season	Produce- tion	Imports	Total	Con- sump- tion	Exports	Total
	<i>Thousand bales ²</i>	<i>Thousand bales ²</i>	<i>Thousand bales ²</i>	<i>Thousand bales ²</i>	<i>Thousand bales ²</i>	<i>Thousand bales ²</i>	<i>Thousand bales ²</i>
1951.....	82.4	46.0	46.1	174.5	³ 79.5	(⁴)	79.5
1952.....	48.3	93.5	132.5	274.3	³ 103.1	(⁴)	103.1
1953.....	93.7	64.5	92.1	250.3	100.7	(⁴)	100.7
1954.....	158.4	40.9	98.4	297.7	111.6	.4	112.0
1955.....	176.9	41.5	85.9	304.3	³ 124.9	20.3	145.2
1956.....	129.8	49.1	96.5	275.4	³ 112.2	57.9	170.1
1957.....	53.3	79.7	99.7	232.7	³ 99.4	9.7	109.1
1958.....	121.7	81.9	85.5	289.1	³ 109.1	23.5	132.6
1959.....	152.3	69.1	83.2	304.6	137.3	4.2	141.5
1960 ⁵	155.4	66.0	85.7	306.1	³ 147.9	7.4	155.3
1961 ⁶	135.1	61.1	⁶ 85.6	281.8	165.0	10.0	175.0

¹ Includes American-Egyptian, Sea Island, Egyptian, and Peruvian.² American-Egyptian and Sea Island in running bales, foreign in bales of 500 pounds.³ Adjusted to a cotton marketing year basis, Aug. 1-July 31.⁴ Less than 50 bales.⁵ Preliminary.⁶ Import quota.

Mr. DUNCAN. Acreage allotments and marketing quotas were in effect on domestically grown extra-long-staple cotton in 1954 and have been in effect each year since then. Under these controls, the harvested acres of extra-long-staple cotton have been restricted to an average of around 57,000 acres. The acreage allotment for the 1962 crop year was established at about 100,000 acres. The current situation with respect to extra-long-staple cotton in the United States is generally good. As pointed out above, the consumption in recent years has been increasing. The carryover on August 1, 1962, is expected to be lower than a year earlier. The acreage allotment for 1962 was increased. Even with the increase in acreage for the 1962 crop year, it appears that some of the domestic cotton still in the stockpile may be needed to satisfy domestic demand, particularly between now and the time new-crop cotton is freely available.

Total world production of extra-long-staple cotton is lower this season than for several years. Production and disappearance in producing countries are expected to be roughly in balance in the current season, and total stocks at the end of the season should show very little change from a year earlier. However, this approximate balance between supply and demand is largely fortuitous. The area planted to extra-long-staple cotton was 50,000 acres above the 1960-61 level and was near the alltime peak reached in 1958-59. However, leaf worm damaged the 1961 Egyptian crop severely, and average yields were greatly reduced. Production in that country is off by over 400,000 bales, or about 40 percent. On the other hand, in Sudan, the current crop promises to be exceptionally good, and for the first time in history, this country finds itself in the position of being the largest producer of this type of cotton. Cotton acreage in this country is now approaching double what it was 6 years ago, and the trend is still upward.

In the current season, however, Egypt will dispose of all of its exportable supplies, and so will Peru. Because of the record crop in Sudan, there will be an increase in the carryover of that country. It

appears, therefore, that, over the next few months, it may be possible to dispose of a portion of the foreign-grown cotton in the stockpile. Next season, assuming a return to normal yields in Egypt, and normal conditions elsewhere, there is likely to be a sizable increase in production. At this rate, therefore, world consumption of extra-long staples will have to increase significantly if a further round of stock accumulation in this type of cotton is to be avoided.

We understand that H.R. 10595, which was passed by the House on May 21, 1962, is of most immediate concern to this committee. H.R. 10595 was originally identical with S. 2955. However, as finally passed by the House of Representatives, it included the following amendments:

On page 2, line 8, strike out the words "made available" and insert in lieu thereof the word "transferred".

On page 2, line 9, place a period after the word "Corporation" and strike out the words "in lots as requested".

On page 2, line 11, remove the period after the word "export" and add the following:

at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign grown cotton, the Secretary of Agriculture shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended.

The Secretary of Agriculture, in a letter dated June 5, 1962, recommended to Senator Ellender that S. 2955 be amended in the same manner as H.R. 10595.

H.R. 10595 provides that all extra-long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended, shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition. The domestically grown cotton shall be transferred to CCC for sale for unrestricted use only at not less than the prices at which the CCC may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. This minimum price is currently 115 percent of the support price plus reasonable carrying charges. It also provides that the domestically grown portion of the cotton in the stockpile shall be excluded in making any determination with respect to national marketing quotas until after it is sold by the CCC. The foreign-grown cotton shall be transferred to CCC for sale or disposal only for export at not less than the world market price, as determined by the Secretary of Agriculture. In administering such sales or disposals, the Secretary would periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended.

The Department recommends that the cotton remaining in the stockpile should be made available for sale as soon as practicable. There is a substantial investment in the stockpile cotton. In addition, the carrying charges are considerable and will continue until the cotton is sold. Market conditions for extra long staple cotton are currently fairly favorable, and it appears that it will be possible to dispose of some of the stockpile cotton in the next few months if either H.R. 10595, or S. 2955 with recommended amendments, is enacted into law promptly. The sale of the domestically produced

cotton released for sale in 1957 was accomplished without adversely affecting domestic market prices, and the Department expects no serious problem under the provisions of this bill in the disposition of the remainder of such cotton. None of the foreign-grown stockpile cotton has been released. However, we believe this cotton should be made available for sale or disposition.

The Department favors enactment of either H.R. 10595 as passed or S. 2955 with the amendments recommended above.

Senator JORDAN. Thank you very much, Mr. Duncan. That is a fine statement.

We appreciate your coming.

Mr. Raper, do you have anything to add?

Mr. RAPER. No, sir.

Senator JORDAN. I appreciate it very much.

I see Senator Yarborough has come in.

We will be glad to hear from you, Senator. I know your State grows a lot of this cotton and your farmers are interested in it.

STATEMENT OF HON. RALPH W. YARBOROUGH, A U.S. SENATOR FROM THE STATE OF TEXAS

Senator YARBOROUGH. I am glad to appear here.

As you know, the irrigated land in the El Paso Valley grows quite a bit of this cotton.

I have a prepared statement here, Mr. Chairman, but after listening to the statement of Mr. John P. Duncan, the Assistant Secretary of Agriculture, I find that a number of the prepared facts which I have in my statement are related in his, and to read this statement would result in some duplication.

So, to save the time of the committee, I will just file the statement because of the duplication.

Senator JORDAN. We will be glad to have you file the statement, and it will be printed.

(The complete prepared statement of Senator Yarborough is as follows:)

As a cosponsor of S. 2955, I respectfully urge approval of this bill by you distinguished members of the Subcommittee on Agriculture.

Approximately 47,500 bales of this cotton was produced in the United States and the equivalent of 172,000 (500 pound) bales was grown outside of the United States, principally in Egypt.

This cotton was acquired in 1951-52 during the Korean conflict. At that time, a number of the items used by the Armed Forces was made from this kind of cotton. It is a specialty-type fiber having, as its name implies, a very long staple. It is characterized by the fineness of the staple with exceptional strength, which permits its being woven into tight, lightweight, yet very strong fabrics. Most of the high-quality sewing thread is made from this cotton.

Prior to 1950 production in this country had been very erratic and the quality of the fiber inferior to foreign growths. In 1947, the crop totaled only about 1,200 bales. About this time, an improved variety was introduced which compared favorably with foreign-grown cotton. With the better cotton available and the heavy Korean demand, production increased sharply to about 75,000 bales. Since then, the U.S. crop has averaged from 50,000 to 75,000 bales.

After the Korean conflict, the Defense Department apparently reviewed its specifications for the items in which long-staple cotton was used and changed them to some other form of material, presumably synthetic fibers. In other instances, it may have discontinued certain items made from this cotton. The combination of the change in military specifications and the ability of the U.S.

growers to produce large quantities of acceptable cotton resulted in this cotton being removed from the list of strategic and critical materials in 1957.

At that time, there was a shortage of this kind of cotton for commercial use in this country and Congress at the request of the growers released 50,000 bales of the U.S.-grown cotton from the stockpile. About 43,000 bales have been sold. Again there is a need for this kind of cotton for commercial use and the purpose of this bill would be to make it available. The bill also provides for the disposal of the foreign-grown cotton through exportation to foreign countries.

About the time 50,000 bales of U.S.-grown cotton was released in 1957, a plan was developed for the release and disposal of the remaining cotton in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act. This plan was published in the Federal Register and transmitted to Congress, but no action was taken on it. Although the bills provide for a slightly different method of disposal, full and adequate public notice of intention to dispose of the cotton has been given. The bill is supported by the growers of the cotton in this country. At the hearing before a subcommittee of the House Armed Services Committee on an identical bill, no witnesses appeared nor did the Committee receive any communications in opposition to the bill.

The House Armed Services Committee unanimously reported the bill with a few minor amendments that are acceptable to the growers. The bill passed the House by unanimous consent.

Some explanation may be needed as to the reason for requiring that the foreign-grown cotton be exported. Imports of this cotton are limited to about 85,000 bales a year under a quota established in 1939 pursuant to the provisions of section 22 of the Agricultural Adjustment Act of 1933, as amended. The production of this cotton in this country is controlled by acreage allotments and marketing quotas established under the Agricultural Adjustment Act of 1938, as amended.

In the last 8 or 10 years, the producers of this cotton have been contributing about 1 percent of their gross return to finance an advertising and promotion campaign. This has resulted in a substantial increase in consumption of this cotton in this country. It is conceded that it would not be fair to the U.S. growers to permit foreign-grown cotton to fill the demand which they have created through their advertising campaign. In recognition of the increased demand, the quantity of cotton which farmers are permitted to grow and sell under the acreage allotment and marketing quota was increased more than 50 percent for 1962. The 47,500 bales of American-grown cotton which would be released under the bill are needed to take care of the demand until the larger 1962 crop becomes available. This is the reason for the urgency in connection with this legislation.

SENATOR YARBOROUGH. I think the opportunity for disposition of this cotton is clear in view of the short Egyptian crop this year, and the fact that production of this type of cotton was built up at a time when the armed services were using a lot more of this type of cotton than they are now. But this cotton was acquired during the Korean conflict at a time when a number of items which were used by the armed services were made with that type of cotton.

And of course, as the distinguished chairman knows, the long-staple cotton is a specialty type fiber, it has a very long staple and it has certain qualities that permit it to be woven into very tight, lightweight and yet strong fabrics. And most of the high quality sewing thread, I understand, is made from this type of cotton.

Now, the production in this country before 1950 was very limited due to the inferior brands. But superior types of seed were developed about that time and production went up. But after the Korean conflict the Defense Department reviewed its specifications, and reduced its requirements for long-staple cotton in favor of some other form of material, I am not certain, but I think it was synthetic fibers.

And with that change, and the fact that the armed services discontinued certain items made out of that cotton, this combination of change in military specifications plus the increasing ability of the American growers to produce large quantities of this, resulted in the removal of this item from the list of strategic materials in 1957.

In 1957, there was a shortage of this type of cotton in this country, and the Congress requested the growers to realize 50,000 bales at that time.

I believe, Mr. Chairman, that the present situation has been covered by Mr. Duncan and others. And so I will omit for fear of duplication, the further summary that I have here.

This 47,500 bales of American-grown cotton that would be realized under this bill, under the certifications made to us, is needed to take care of the demand until the larger 1962 crop becomes available. Of course, as it was pointed out in Mr. Duncan's statement, the production has gone up in the Sudan while it has gone down in Egypt due to certain market difficulties. But I think the Egyptians will probably remedy it next year.

Thank you very much.

Senator JORDAN. Senator Proxmire, do you have any questions of the Senator from Texas?

Senator PROXMIRE. No questions.

Senator YARBOROUGH. Of course, you know, this is a far more remunerative crop to the farmers than upland cotton, and this is one of the few areas in the country where it will grow safely, primarily in the irrigated areas of the West where they have very hot days, hot, dry days, but with water to irrigate it. It thrives best in that kind of climate and under those growing conditions.

Thank you very much.

Senator JORDAN. Thank you.

I have a letter from Senator Chavez of New Mexico who couldn't be here, and he asked that his letter be included in the record at this point.

(The letter from Senator Chavez follows:)

U.S. SENATE,
June 28, 1962.

Hon. OLIN D. JOHNSTON,
*Chairman, Subcommittee on Agricultural Production, Senate Agriculture Committee,
Washington, D.C.*

DEAR MR. CHAIRMAN: I respectfully request that this letter be included in material to be considered in hearings before your committee on S. 2955 which provides for release of extra-long-staple cotton from the strategic and critical materials stockpile. This bill was jointly introduced by the Senators from Arizona, Texas, and New Mexico. The extra-long-staple cotton produced in these three States is recognized as the world's best fiber.

This bill, S. 2955 would authorize for domestic sale of about 47,500 bales of American grown stockpile cotton. The remainder, about 172,000 bales of foreign growths, would be released for export.

The American producers of extra-long-staple cotton early in the fifties organized the Supima Association of America to expand production and domestic consumption of their cotton. Through the association they contributed \$3 per bale to build a market development fund. The success of this effort is well known; however, some consumption comparisons will highlight the progress that has been made. Current consumption of American grown extra-long-staple is about 100,000 bales, twice the level of 3 years ago and 10 times the consumption of the early fifties.

The upward trend in consumption has exceeded all expectations and even though the acreage allotment for 1962 was increased 50 percent, current supplies must be augmented to meet demand until the larger crop is marketed. The producers recognize that the 47,500 bales of American-grown extra-long-staple cotton in the stockpile is needed to bridge the gap and prevent shortages from hamstringing their development program in the next few months. Therefore, they hope that this cotton will be made available as soon as possible for domestic use as is provided for in S. 2955. The producers also support the administration's request that the 172,000 bales of foreign-grown extra-long-staple stockpile cotton be made

available for export. The U.S. Government has made a firm decision that this cotton is not needed for stockpiling purposes and that it should be sold for export. Such sales would relieve the U.S. taxpayer of the burden of continued storage of this unneeded commodity and return some money to the Treasury.

I believe S. 2955 is fair to all concerned. I earnestly request favorable consideration of this disposal plan.

Sincerely,

DENNIS CHAVEZ,
U.S. Senator.

Senator JORDAN. And Senator Goldwater of Arizona also has submitted a letter he would like to have inserted in the record. He couldn't be here either.

(The letter from Senator Goldwater follows:)

U.S. SENATE,
Washington, D.C., June 28, 1962.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is a statement in support of S. 2955, to facilitate the sale and disposal of Government stocks of extra-long-staple cotton. As a cosponsor of this measure I have watched with satisfaction the favorable reports rendered on it by the Department of Agriculture, General Services Administration, and the Office of Emergency Planning.

Certain amendments have been suggested by the above agencies and will be considered today by your committee. In this connection, I would like to suggest that any amendment which would seek to place the Government's sale price near the current support price or which would limit foreign disposals to dollar sales would adversely affect this legislation. In the first case, there would be a disruption of orderly marketing, and in the second, limiting foreign disposals to dollar sales could sharply limit the Government's ability to dispose of these stocks.

The Government has determined that this cotton is no longer needed for national security purposes and that the stockpile should be liquidated in the interest of economy, and I hope the committee will support this position and seek speedy enactment of S. 2955.

Sincerely,

BARRY GOLDWATER.

Senator JORDAN. Mr. Wood, we would be glad to hear from you. I understand that you have a statement you would like to read.

Mr. WOOD. I am Claude Wood, administrative assistant to Senator Anderson. He had about three committees going at one time this morning and asked me to apologize to you for not being able to come down.

Senator JORDAN. I understand his situation.

Mr. WOOD. I shall read just a short statement that he has prepared and authorized me to read:

STATEMENT OF HON. CLINTON P. ANDERSON, A U.S. SENATOR FROM THE STATE
OF NEW MEXICO

Mr. Chairman and members of the Agriculture Committee, I appreciate the opportunity to appear before you and give a brief statement in support of legislation to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

First, I want to commend the domestic growers of extra-long-staple cotton for their initiative in sponsoring a program that has kept their product competitive in the American market. For a number of years the producers of this type of cotton have been contributing about 1 percent of their gross return to finance an advertising and promotion campaign. This has resulted in a substantial increase in the consumption of extra-long-staple cotton in this country and its use appears to continue to grow rapidly. I believe that this promotion program is a fine example of what can be done to increase the use of what would otherwise be a surplus crop.

I joined Senator Hayden in the introduction of S. 2955 which was identical to H.R. 10595 which has passed the House amended and is now before your committee. I will not go into the history of the stockpiling of the extra-long-staple cotton, the subject of this legislation. This has been pretty well covered in the reports from the Departments and in the House report on H.R. 10595. I would like to say, however, that this cotton was acquired during the Korean conflict because the Armed Forces required large quantities for a number of items in our defense program.

After the Korean conflict, the Department of Defense apparently changed some of its specifications for certain items in which this cotton was used and began to use other material, especially a number of synthetic fibers. The Defense Department also discontinued the use of some of the items formerly made from this cotton. Extra-long-staple cotton was later removed from the critical list of materials and about 50,000 bales of the U.S.-grown cotton was released from the stockpile. Our cottongrowers have now further improved their situation until they are ready for the balance of this cotton to be removed from the stockpile. As provided by this legislation, they are willing to have the approximately 47,000 bales of American-grown cotton released for the domestic market. All indications now are that this supply will be required to help meet the requirements for domestic cotton during this year.

I have been asked what my position would be if the bill should be amended to permit the cotton released from the stockpile to be sold at 105 percent of the support price instead of at 115 percent of the support price as now provided by law. I would say that I would object to this change. The effect of such a change would be to force more of the farmer's crop into the loan. This would disrupt the market and would result in much of the cotton moving through the Government which I believe is unnecessary and undesirable.

The bill provides that the foreign-grown cotton transferred from the stockpile would be turned over to the Commodity Credit Corporation for export only at not less than the world market price. This cotton was originally imported and it should go back into export channels and not be allowed to become a depressing factor on the domestic market. It has been suggested to me that perhaps this cotton should be exported only in return for dollars. I would say to this that if we are going to release this cotton from the stockpile we must see that it is moved and does not become a dredge on our market. To require payment for this cotton from foreign countries in dollars only would, I believe, stop most of it from going into foreign markets. I hope that we can move a considerable amount of this cotton into foreign trade but if we require that it be paid for in American dollars I am afraid we will move very little. I would, therefore, have to oppose changing the bill in this manner.

The House bill has been amended to require that in administering the sales or disposals of the foreign-grown cotton, the Secretary shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agriculture Trade Development Act of 1954. I have no objection to this amendment and in order that this legislation may be finally passed at an early date I urge the committee to accept the House version of the bill and report it to the Senate for final action.

Again, thank you, Mr. Chairman and members of the committee.

Senator JORDAN. Thank you very much, Mr. Wood. I appreciate your appearing and reading Senator Anderson's statement.

Mr. Reuben Johnson, associate director of the legislative service, National Farmers Union.

Mr. Johnson, we are glad to have you with us, and we will be glad to hear your testimony.

STATEMENT OF REUBEN L. JOHNSON, ASSOCIATE DIRECTOR, LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. JOHNSON. Thank you very much, Mr. Chairman. It is a privilege for us to have this opportunity to appear before the subcommittee.

I appear here for the National Farmers Union in support of S. 2955, a bill that provides for the transfer of extra-long-staple cotton from the

stockpile of Strategic and Critical Materials to the Commodity Credit Corporation.

Enactment of this bill is beneficial from several standpoints. It would result in the desirable function of enabling the orderly release of nearly 50,000 bales of domestically produced extra-long-staple cotton into a market which is now in need of this type of fiber. This bill is necessary because without it there will be a shortage of the strong, good quality fibers between now and when the 1962 crop is harvested.

This bill also protects the domestic producers who have worked conscientiously at improving and promoting their product. They are protected because the stockpiled cotton that was acquired from foreign sources during the early 1950's is required to be sold only on the export market. This is as it should be because there is no reason why the domestic producer should face an economic hardship because of a wartime need 10 years ago for a certain type of cotton that now can be grown domestically.

Mr. Chairman, as the House Armed Services Committee has said, there is no longer any need for a strategic stockpile of this commodity. We feel the legislation provides for its orderly disposal and we urge the bill's passage.

Senator JORDAN. Thank you.

Senator Proxmire, do you have any questions?

Senator PROXMIRE. No questions.

Senator JORDAN. We appreciate your testimony, sir.

Mr. JOHNSON. Thank you very much.

Senator JORDAN. Mr. Burmeister, assistant legislative director of the American Farm Bureau Federation.

We are glad to have you with us, and we will be glad to hear your testimony.

STATEMENT OF GUSTAVE BURMEISTER, ASSISTANT LEGISLATIVE DIRECTOR, AMERICAN FARM BUREAU FEDERATION

Mr. BURMEISTER. We appreciate the opportunity of presenting the views of the American Farm Bureau Federation with respect to the sale and disposal of Government stocks of extra-long-staple cotton as proposed in S. 2955 (and H.R. 10595). It is our understanding that these bills were originally identical, but H.R. 10595 is now amended slightly. We favor the enactment of H.R. 10595, with the clarifying amendments.

Farm Bureau is an organization of 1,600,000 farm families who are voluntary members of 2,674 county farm bureaus in 49 States and Puerto Rico.

The domestic producers of extra-long-staple cotton have achieved a signal success in developing a program for expanding the production and consumption of this quality product. Many of the producers of this type of cotton are members of Farm Bureau and we are always happy to assist them in the solution of their problems.

It is our understanding that currently the stockpile of extra-long-staple cotton consists of about 47,500 bales of domestically produced cotton and about 172,000 bales of foreign grown, mostly Egyptian. The proposal provides that the total quantity would be transferred to the Commodity Credit Corporation for disposal under certain conditions.

The domestic portion would be sold only for unrestricted use at prices not less than the minimums provided for in section 407 of the Agricultural Act of 1949, as amended. This generally means that cotton cannot be sold for unrestricted use at less than 115 percent of the current support price plus reasonable carrying charges.

The foreign grown portion would be sold or disposed of only in the export market at world market prices as determined by the Secretary of Agriculture and could be considered as domestic cotton for the purposes of sale or disposal under Public Law 480 arrangements.

It appears to us that there could not be a better time to dispose of these stocks. Demand for extra-long-staple cotton is increasing. Domestic producers have done an exceptionally good job of market research and promotion. They have succeeded in developing the right kind of production and pricing program, which has resulted in improving both the quality of their product and their competitive position.

Currently the domestic supply situation is such that before the 1962 crop becomes available, it is possible that some of the stockpile cotton can be sold for domestic use. Some are of the opinion that a sizable amount of the domestic portion in the stockpile can be sold this year. Recently market prices for this kind of cotton have averaged about 15 percent above supports. Since much of the stockpiled cotton is warehoused near the user mills, the domestic portion could be sold now at 115 percent of the support price.

We believe the sales policy for cotton as outlined in the act of 1958 is sound and that conditions are favorable for it to apply at this time.

It is expected that the demand for this kind of cotton will continue to increase and that market conditions should set the price.

Because of a short crop in Egypt this season, the foreign supply situation has also tightened. Total production declined there by about 654,000 bales, and it is reported that most of the relatively small crop has already been sold. This decrease was offset in part by an increase in production in the Sudan of about 350,000 bales, and in Peru of about 45,000 bales. Thus, it now appears that there will be a good opportunity to sell for export some of the foreign produced portion of the stockpile this year in foreign markets. This is particularly true if the foreign-grown stocks could be offered under Public Law 480 agreements as well as in dollar markets. We recognize, of course, that care must be exercised in carrying out any such program because it would be undesirable to disrupt unduly the foreign market situation and cause undue hardship to friendly foreign producers of of this kind of cotton.

In closing, may we say that we believe the enactment of this legislation is timely and urgent. It will not only relieve the Government of some financial burden, but it will be helpful to domestic producers in carrying out their program of market development and production adjustment.

Thank you for the opportunity of presenting Farm Bureau's views. Senator JORDAN. Thank you very much, Mr. Burmeister.

Senator Aiken, any questions?

Senator AIKEN. No questions.

Senator JORDAN. Senator Proxmire?

Senator PROXMIRE. No questions.

Senator JORDAN. Mr. Banks Young, the Washington representative of the National Cotton Council.

Mr. Young, we are glad to have you.

You may proceed.

STATEMENT OF J. BANKS YOUNG, WASHINGTON REPRESENTATIVE, AND READ DUNN, DIRECTOR OF FOREIGN TRADE, NATIONAL COTTON COUNCIL

Mr. YOUNG. My name is J. Banks Young. I am Washington representative of the National Cotton Council. The council, with headquarters in Memphis, Tenn., is the overall organization of the raw cotton industry, representing cotton producers, ginnermen, warehousemen, merchants, spinners, and cottonseed crushers in the 19 cotton-producing States. The National Cotton Council favors the enactment of legislation along the lines of S. 2955 or the House passed bill H.R. 10595.

At its last annual meeting in New Orleans, La., the following resolution was unanimously adopted:

That the council—

* * * urge that, if the administration proposes to dispose of the extra-long-staple cotton remaining in the strategic and critical materials stockpile, such disposal plan should authorize (a) sales in the domestic market in an orderly manner of only that portion of the stockpile consisting of U.S.-grown extra-long-staple cotton at not less than 115 percent of the current support price; and (b) the sale or disposal of all foreign-grown extra-long-staple cotton for export only, including export under foreign aid programs of the U.S. Government.

This resolution was in line with a general understanding which had been reached between producers and users of this kind of cotton. It was thought to run parallel to the position which the executive branch of the Government would take when its position was formulated. The resale price part of the resolution is simply a statement of the method currently used by the Department of Agriculture in selling the remaining part of the 50,000 bales of U.S.-grown extra-long-staple cotton released from the stockpile in 1957.

That portion of the stockpile grown in the United States, approximately 47,500 bales, would be offered for sale in this country. The foreign grown portion, about 173,000 bales of 500 pounds equivalent, would be sold for export only.

The legislation is supported by the domestic producers of extra-long-staple cotton and the American mills which use it. Early action by the Congress is important to both.

Mr. Chairman, the balance of my statement is a review of the stockpiling program and an appraisal of the present situation. It has been largely covered by previous witnesses. If it suits the committee, I will just ask that it be made a part of the record, and will not take the time to read it.

Senator JORDAN. Your entire statement will be incorporated in the record.

(The prepared statement of Mr. Young follows:)

My name is J. Banks Young. I am Washington representative of the National Cotton Council. The council, with headquarters in Memphis, Tenn., is the overall organization of the raw cotton industry, representing cotton producers, ginnermen, warehousemen, merchants, spinners, and cottonseed crushers in the 19

cotton-producing States. The National Cotton Council favors the enactment of legislation along the lines of S. 2955 or the House-passed bill, H.R. 10595.

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This resolution was in line with a general understanding which had been reached between producers and users of this kind of cotton. It was thought to run parallel to the position which the executive branch of the Government would take when its position was formulated. The resale price part of the resolution is simply a statement of the method currently used by the Department of Agriculture in selling the remaining part of the 50,000 bales of U.S.-grown extra-long-staple cotton released from the stockpile in 1957.

That portion of the stockpile grown in the United States, approximately 47,500 bales, would be offered for sale in this country. The foreign-grown portion, about 173,000 bales of 500 pounds equivalent, would be sold for export only.

The legislation is supported by the domestic producers of extra-long-staple cotton and the American mills which use it. Early action by the Congress is important to both.

A brief review of the stockpiling and subsequent developments might be helpful to the committee and serve to point up the need for this legislation.

The extra-long-staple cotton in the strategic stockpile was acquired in 1951-52 during the Korean conflict. At that time, a number of the items used by the Armed Forces was made from this kind of cotton. It is a specialty type fiber having, as its name implies, a very long staple. It is characterized by fineness and exceptional strength, which permits its being woven into tight, lightweight, yet very strong fabrics. Most of the high-quality sewing thread is made from this cotton.

Prior to 1950, production in this country had been very erratic and the quality of the fiber not always equal to that of some foreign growths. In 1947, the crop totaled around 1,200 bales. About this time, an improved variety was introduced which compared favorably with foreign-grown cotton. With the better cotton available, the heavy Korean war demand, and the high price guaranteed farmers to produce for the stockpile, production increased sharply to about 94,000 bales in 1952. Since then, the U.S. crop has averaged from 40,000 to 80,000 bales a year.

After the Korean conflict, the Defense Department apparently reviewed its specifications for the items in which long-staple cotton was used and changed some of them to some other form of material, presumably synthetic fibers. In other instances, it may have discontinued certain items made from this cotton. The combination of the change in military specifications and the ability of the U.S. growers to produce large quantities of fully acceptable cotton resulted in this cotton being removed from the list of strategic and critical materials in 1957.

At that time, there was a shortage of extra-long-staple cotton for commercial use in this country and Congress released 50,000 bales of the U.S.-grown cotton from the stockpile. About 43,000 bales have been sold. Once again there is a need for this kind of cotton for commercial use and the purpose of the legislation would be to make it available.

About the time the 50,000 bales of U.S.-grown cotton was released in 1957, a plan was developed for the release and disposal of the remaining cotton in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act. This plan was published in the Federal Register and transmitted to Congress, but no action was taken. Although the present bills provide for a slightly different method of disposal, full and adequate public notice of the Government's intention to dispose of the cotton has been given.

Some explanation may be needed as to the reason for requiring that the foreign-grown cotton be exported. Imports of this cotton are limited to about 85,000 bales a year under a quota established in 1939 pursuant to the provisions of section 22 of the Agricultural Adjustment Act of 1933, as amended. The U.S. production of this cotton is controlled by acreage allotments and marketing quotas established under the Agricultural Adjustment Act of 1938, as amended.

In the last 8 or 10 years, the producers of this cotton have been contributing about 1 percent of their gross return to finance an advertising and promotion campaign. A rather substantial increase in domestic consumption of American-grown extra-long-staple cotton has resulted. It would not be fair to the U.S. growers to permit foreign-grown cotton to fill the demand which they have created through their advertising campaign.

In recognition of the increased demand, the quantity of cotton which farmers are permitted to grow and sell under the acreage allotment and marketing quota was increased more than 50 percent for 1962. The 47,000 bales of American-grown cotton, which would be released under the bills, are needed to take care of the demand in the United States until the larger 1962 crop becomes available. This is the reason for the urgency in connection with this legislation.

We respectfully urge early and favorable action by this committee and the Congress. We appreciate the opportunity of presenting our views.

Senator JORDAN. Do you have any questions of Mr. Young, Senator?

Senator AIKEN. This unanimity of opinion is very refreshing, but a little perplexing.

Senator JORDAN. Do you have anything to add, Mr. Dunn?

Mr. DUNN. No, sir; unless there are some questions.

Senator JORDAN. Mr. Young, I would like to ask you this. My understanding is that this cotton is all No. 2 or No. 2, from an inch and seven-sixteenths to an inch and a half.

Mr. YOUNG. The 1951 crop, I understand, has been pretty well sold out, and what is left is the 1952 crop which is all Pima 32. There may be some Amsak left, but I think by 1952 we had switched over to Pima 32. It is the higher grades with 1½ inch being the predominant staple. But there are other witnesses here who can say precisely what that situation is.

Senator JORDAN. We can get that information.

Senator AIKEN. How long do you think it would take to dispose of this, once the authority is given?

Mr. YOUNG. I don't think that anybody knows, Senator. It depends on market conditions. Right now there is a good opportunity to dispose of some of the American-grown portion. There was an opportunity to sell part of the foreign-grown portion. But Mr. Dunn here could comment on the foreign side, if you care to hear it.

Mr. DUNN. I think Banks is right, Senator; it is pretty difficult to tell right now on either the domestic or the foreign side. Since the administration made its request, the Egyptain long-staple crop was off by a half, and prices were going up, and people were scrambling to find this type of cotton. There would have been an opportunity in my opinion to dispose of practically all of it. But since that time the Sudanese crop has increased to almost offset the Egyptain decline, and our consumption is off a little bit, so that stocks are expected to increase. So I think now that you are going to have to work it off gradually a little at a time, so as to avoid repercussions.

Senator AIKEN. If you sold at not less than the world market price as determined by the Secretary, how much loss would be entailed there?

Mr. DUNN. A very considerable loss. You could get from the Department an exact statement on this, but just in round numbers, the market today is in the 40-cent range, whereas that cotton was acquired at prices up to \$1.25.

Mr. YOUNG. Perhaps up to \$1.40. I don't know what the average was.

Senator AIKEN. Even so, it is costing more to keep it than to sell it.

Mr. DUNN. That is the point, you are not likely to get any more for it.

Senator JORDAN. The warehouse storage on it is tremendous.

Senator AIKEN. What is the storage on long staple?

Mr. YOUNG. It is greater. The value is greater and therefore the interest on the money is greater.

Senator JORDAN. And the insurance rates are higher?

Mr. YOUNG. The insurance rates are higher.

This year domestic consumption and exports of American extra-long-staple cotton will run over 100,000 bales—the season which ends August 1. The 1961 crop which supplied this season was only 60,000 bales. So that is the reason why there is a fairly good opportunity to dispose of some of the domestically grown cotton in the domestic market before the new crop becomes available along in the late fall.

The 1962 allotment was increased to a hundred thousand acres.

Senator AIKEN. Is our southwest area converting to the production of upland cotton more and more?

Mr. YOUNG. Not since 1954, because we have had controls on production. But during the late forties and in 1951, 1952, and 1953, when controls were off, there was a great expansion in the southwestern area—we are speaking about upland now.

Senator AIKEN. I realize that the long-staple people asked to get out from under—

Mr. YOUNG. Asked to have the price support lowered.

Senator AIKEN. Asked to have the price support lowered, which was one way of getting out from under it, a short step.

That is all.

Senator JORDAN. Thank you.

Mr. Percy Howe, Jr.

Mr. Howe, who is chairman of the board of American Thread Co., and chairman of the Extra-Long-Staple Cotton Committee of the American Cotton Manufacturers Institute, has spent a great deal of time on this long-staple-cotton situation over many years, and is thoroughly familiar with it.

Besides which, Mr. Howe, I expect you are the largest or one of the largest users of long-staple cotton in the United States.

We will be glad to hear from you.

**STATEMENT OF PERCY S. HOWE, JR., CHAIRMAN OF THE BOARD,
AMERICAN THREAD CO., NEW YORK, N.Y., AND CHAIRMAN,
EXTRA-LONG-STAPLE COTTON COMMITTEE, AMERICAN COT-
TON MANUFACTURERS INSTITUTE**

Mr. HOWE. Thank you, Senator. The statement which we prepared on behalf of the members of the American Cotton Manufacturers Institute who are particularly interested in this cotton has been filed with the secretary of this hearing. And I don't think it is necessary to read the entire statement at this time, although it is brief, because in effect it cites some of the testimony that has been given previously before this committee, and the statement supports the bill under consideration.

However, I will read one paragraph which sums up our position.

As consumption expands the available supplies of good quality extra-long-staple cotton are being reduced. Release of cotton from the stockpile would at this time help avoid the risk of disrupting carefully built markets and losing the accrued benefits of investments to promote markets for extra-long-staple cotton products.

The mill users of extra-long-staple cotton respectfully request early favorable action by the committee on S. 2955.

Senator JORDAN. Thank you very much. And we will include your complete statement in the record.

(The prepared statement of Mr. Howe follows:)

Mr. Chairman, I am Percy S. Howe, Jr., chairman of the board of the American Thread Co. and chairman of the Extra-Long-Staple Cotton Committee of the American Cotton Manufacturers Institute.

We appreciate the opportunity to appear in support of S. 2955 to permit removal of extra-long-staple cotton from the strategic stockpile.

The American Cotton Manufacturers Institute is the central trade association for manufacturers of textiles made from cotton, manmade fibers, and silk. Our extra-long-staple cotton committee is made up of spinners and weavers of this cotton. The committee has reviewed the supply-demand outlook for extra-long-staple cotton and the proposed legislation.

On May 2, 1962, the mill users of extra-long-staple cotton supported favorable action on H.R. 10595—the companion bill to S. 2955—which has now been approved by the House of Representatives.

The manufacturers of textiles made from extra-long-staple cotton are cooperating with the SuPima Association of America to build and expand consumer markets for products made from this cotton. The efforts of producers and manufacturers to gain increased consumer acceptance of textile products containing Supima cotton are meeting with increasing success.

Domestic mill consumption of domestically produced American-Egyptian cotton to June 2 in the current 1961-62 crop year has been about 82,000 bales or 38 percent higher than that in the comparable 1960-61 period. Consumption of all extra-long-staple cotton during the 1961-62 season is estimated by the U.S. Department of Agriculture at about 170,000 bales. This is about 22,000 bales or 15 percent more than the total consumption in the crop year 1960-61 and represents the highest consumption since 1929.

As consumption expands the available supplies of good quality extra-long-staple cotton are being reduced. Release of cotton from the stockpile would at this time help avoid the risk of disrupting carefully built markets and losing the accrued benefits of investments to promote markets for extra-long-staple cotton products.

The mill users of extra-long-staple cotton respectfully request early favorable action by the committee on S. 2955.

Thank you Mr. Chairman.

Senator AIKEN. Increased consumption of long-staple cotton is mentioned in John Duncan's testimony here, 79,000 bales in 1951 and 165,000 in 1961. What has caused the increase?

Mr. HOWE. The statements I have heard previously at this hearing suggested an anticipated consumption this season of 165,000 to 170,000 bales. The statistics would seem to support an even higher estimate than that, perhaps in the order of 175,000 bales. This market increase, in my opinion, is due primarily to two factors, the steadily improved qualities of American grown extra-long-staple cotton, due to the efforts of the breeders over the last 12 to 15 years, in cooperation with the producers, and certainly they likewise had the cooperation of the mills.

Secondly, the program of the SuPima Association in their advertising and promotion, in their efforts to establish and maintain high standards to promote consumer acceptance has unquestionably played a big part in this increase in the use of these cottons.

Senator AIKEN. And what part did price play?

Mr. HOWE. The part that price played, of course, is somewhat variable. This increase has taken place not only at the support price, but in the past two or three seasons the crop has moved, I would say almost completely into consumption, plus some withdrawals from the CCC holdings at prices higher than the support levels. The market fortunately has been able to absorb, over the last few years, increasing amounts at these prices.

Senator AIKEN. I remember there was increasing apprehension over the synthetic fibers you mentioned in this field in the last few years. I am glad to see that the use of cotton has increased instead of getting put out of business. Some of them seemed to be worrying 10 years ago.

Mr. HOWE. I think there is no question but what the synthetics have made some inroads on the use of this cotton. In other words, had it not been for this synthetic competition, the consumption of these cottons might have been 20,000 or 30,000 or 40,000 bales higher, I wouldn't attempt to estimate the amount, but they certainly would have been higher.

For instance, I know that in some of our own lines there has been a major change from a thread made of these cottons to thread made of nylon and dacron for a number of important consuming industries, the automotive industry for one.

Senator AIKEN. The tire industry?

Mr. HOWE. No.

Senator AIKEN. Are they using synthetics more now?

Mr. HOWE. Not in the tire, in the body construction.

Senator JORDAN. None of this cotton goes in the tire cord any more; does it?

Mr. HOWE. No, sir; and it has not for years.

Senator AIKEN. Ten years ago or possibly more than 10 years ago they were finding that synthetic fibers in the tires would hold up, but I suspect that by now they don't use cotton any more.

Mr. HOWE. As the Senator says, it has been a great many years since any of these fibers have gone into tires.

Senator AIKEN. It has been a great many years since we discussed synthetic fibers in these hearings, and that is why I don't know any more about it.

Senator JORDAN. I would like to get your opinion on a question here that has been raised by a number of spinners and weavers who actually buy this cotton, and that is, Who is going to buy it if it goes out of the stockpile? If the support price information that I have is correct, or nearly correct, it is around 55 cents on No. 2's, right at 55 cents, on an inch and seven-sixteenths No. 2's. But at 115 percent of that, it would make the cotton 63.25 cents a pound. And I think it is generally figured that it would cost 3 cents a pound to move it, your freight and your carrying charges and the in-and-out storage, and so forth. That is the accepted price.

That would make that cotton around 66¼ cents a pound. Now, at that price do you think this cotton would move into production or just still be hanging over the market?

Mr. HOWE. There is little question but that an appreciable quantity of it would move into production on that basis. However, that may not prove to be the entire story. Much of this cotton is stored in

the Northeast, which would reduce somewhat the charges, the handling charges at mills either in the Northeast or in the Southeast, as against cotton stored in the western part of the country.

Secondly, experience has suggested that a reclassification of this cotton might result in a somewhat lower actual price to the consumer.

Senator JORDAN. I know it has deteriorated, and I think you do, too.

Mr. HOWE. Deteriorated; but also based on past experiences it is a reasonable expectation that some discount would arise from reclassification.

Senator JORDAN. If it wasn't, you couldn't afford to buy it.

Mr. HOWE. This past crop moved into consumption at approximately the May figure.

Senator JORDAN. If it wasn't reclassified I think the mill would hesitate a lot before they bought it, especially since it turns yellow.

Mr. HOWE. It is a tight situation developing. Of course, that change in color will probably be less in view of the area in which it has been stored. Had that been stored in Galveston, for instance, the deterioration would be more mild.

Senator JORDAN. I know that 10 warehouses in Massachusetts have got some of this cotton, 1 in Alabama, 4 in Georgia, and 16 in North Carolina. And in South Carolina 13 warehouses. So it is largely in the South.

Mr. HOWE. That is the main point I made, the cost of handling at the mill would be somewhat less than the average 3 cents in the Arizona and New Mexico areas.

Senator JORDAN. Isn't there some carrying charges still on top of that?

Mr. HOWE. There would be.

Senator JORDAN. And that storage is right considerable added on top of that?

Mr. HOWE. Taking the whole position and the fairly tight situation that now exists with the belief that it probably will become tighter between now and the rise of a new crop, which will be about December, probably mid-December, it seems to be a reasonable expectation that an appreciable quantity of this will move into consumption at each level.

Senator JORDAN. As I understand it the desirable thing to do is to get this domestic cotton into the consumer's hands as early as possible at a price he can afford to pay for and use.

Mr. HOWE. Correct.

Senator JORDAN. And that of course is important, because if you can't buy it at these prices and this still stays in the stockpile, it still hangs over the farmer and the increased acreage that he could hope to get if this were out of the way.

I appreciate very much your being with us today, sir.

Mr. HOWE. I appreciate the opportunity of being here.

Senator JORDAN. We have been glad to have you.

Mr. Rickman, president of the SuPima Association of America from El Paso, Tex.

Mr. Rickman, we are mighty glad to have you here, sir.

STATEMENT OF H. M. RICKMAN, PRESIDENT, SUPIMA ASSOCIATION OF AMERICA, EL PASO, TEX.

Mr. RICKMAN. Mr. Senator, the SuPima Association appreciates a chance to testify before you gentlemen here today.

Senator JORDAN. I will be glad to hear your full statement or any way you want to handle it, sir.

Mr. RICKMAN. My name is H. M. Rickman. I am the president of the SuPima Association of America, and a producer of extra-long-staple cotton. The SuPima Association is the organization of U.S. extra-long-staple cotton growers. It was founded in 1954 by farmers in order to stabilize the production and the industry and to build a permanent and expanding market for American-grown extra-long-staple cotton. We support S. 2955 or H.R. 10595, the House-passed bill, providing for the disposal of extra-long-staple cotton in the strategic and critical materials stockpile.

These bills would require that the foreign-grown portion of the stockpile be disposed of in export markets. That part of the stockpile grown in the United States would be available for sale on the domestic market. This arrangement, we think, is fair to all; particularly, to the American farmers who produce this cotton.

Farmers producing approximately 86 percent of the crop have voluntarily contributed \$3 a bale through the SuPima Association. This money is used for research and promotion of products made from U.S.-grown extra-long-staple cotton.

As a result of these efforts, the consumption of SuPima cotton has increased sharply. In the early 1950's the consumption of U.S.-grown extra-long-staple cotton was less than 10,000 bales. Last season, it was over 72,000 bales. For the first 10 months of this season, 82,500 bales of this cotton have been consumed and all indications are that consumption for the full season will be almost 100,000 bales.

Increased demand for this cotton has resulted in a substantial increase in the 1962 acreage allotment for extra-long-staple cotton. However, it is necessary that the approximately 47,500 bales of U.S.-grown extra-long-staple cotton in the stockpile be released in order to meet the demand until the 1962 crop is available.

At the same time, it is equally necessary that the foreign-grown part of the stockpile be available for export sales only. Extra-long-staple cotton was stockpiled in the United States during the Korean war as a necessary war material. Of the approximately 219,000 bales stockpiled, the United States bought about 172,000 bales from foreign countries, principally Egypt. Except for relatively small amounts, all of the foreign-grown cotton was placed under bond and not entered for consumption in the United States. Since it was purchased as a war material that is no longer considered as essential to this country's defense because of the stable domestic production, the cotton should not be permitted to enter domestic trade channels.

The program of the SuPima Association would be completely undermined if the foreign-grown cotton were allowed in this country to fill the demand for extra-long-staple cotton which American growers have created.

Senator JORDAN. I think there is practically as much cotton in the stockpile as you could grow in 2 years; is that about right?

Mr. RICKMAN. That is right, at the present allotments.

We appreciate this opportunity of presenting our views and respectfully urge this committee and the Congress to act favorably on this legislation.

That completes my statement, Mr. Chairman.

Senator JORDAN. Thank you, Mr. Rickman.

Do you have any other witnesses with you that you would like to testify or make any statements for the record?

Mr. RICKMAN. No, we do not.

Senator JORDAN. Senator Aiken?

Senator AIKEN. No questions.

Senator JORDAN. If there are any other witnesses who are interested and would like to put a statement in the record we would be glad to hear you.

If there are not, we will close this hearing.

(Whereupon, at 11:05 a.m. the hearing was concluded.)

(Additional statement filed for the record is as follows:)

STATEMENT OF HON. JOHN G. TOWER, A U.S. SENATOR FROM THE STATE OF TEXAS

Mr. chairman, I am a cosponsor of S. 2955, a bill to provide for the release and disposal of 220,000 bales of extra-long-staple cotton from the strategic and critical materials stockpile. Approximately 47,500 bales of this cotton was produced in the United States and the equivalent of 172,000 (500 pound) bales was grown outside of the United States, principally in Egypt.

This cotton was acquired in 1951-52 during the Korean conflict. At that time, a number of the items used by the Armed Forces was made from this kind of cotton. It is a specialty-type fiber having, as its name implies, a very long staple. It is characterized by the fineness of the staple with exceptional strength, which permits its being woven into tight, lightweight, yet very strong, fabrics. Most of the high-quality sewing thread is made from this cotton.

Prior to 1950, production in this country had been very erratic and the quality of the fiber inferior to foreign growths. In 1947, the crop totaled only about 1,200 bales. About this time, an improved variety was introduced which compared favorably with foreign-grown cotton. With the better cotton available and the heavy Korean demand, production increased sharply to about 75,000 bales. Since then, the U.S. crop has averaged from 50,000 to 75,000 bales.

After the Korean conflict, the Defense Department apparently reviewed its specifications for the items in which long-staple cotton was used and changed them to some other form of material, presumably synthetic fibers. In other instances, it may have discontinued certain items made from this cotton. The combination of the change in military specifications and the ability of the U.S. growers to produce large quantities of acceptable cotton resulted in this cotton being removed from the list of strategic and critical materials in 1957.

At that time, there was a shortage of this kind of cotton for commercial use in this country and Congress at the request of the growers released 50,000 bales of the U.S.-grown cotton from the stockpile. About 43,000 bales have been sold. Again there is a need for this kind of cotton for commercial use and the purpose of this bill would be to make it available. The bill also provides for the disposal of the foreign-grown cotton through exportation to foreign countries.

About the time the 50,000 bales of U.S.-grown cotton was released in 1957, a plan was developed for the release and disposal of the remaining cotton in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act. This plan was published in the Federal Register and transmitted to Congress, but no action was taken on it. Although the bills provide for a slightly different method of disposal, full and adequate public notice of intention to dispose of the cotton has been given. The bill is supported by the growers of the cotton in this country. At the hearing before a subcommittee of the House Armed Services Committee on an identical bill, no witnesses appeared nor did the committee receive any communications in opposition to the bill. The administration, the SuPima Association of America, the American Farm Bureau Federation, the American Cotton Manufacturers Institute, and the National Cotton Council testified in support of the legislation before the House subcommittee.

The House Armed Services Committee unanimously reported the bill with a few minor amendments that are acceptable to the growers. The bill passed the House by unanimous consent.

Some explanation may be needed as to the reason for requiring that the foreign-grown cotton be exported. Imports of this cotton are limited to about 85,000 bales a year under a quota established in 1939 pursuant to the provisions of section 22 of the Agricultural Adjustment Act of 1933, as amended. The production of this cotton in this country is controlled by acreage allotments and marketing quotas established under the Agricultural Adjustment Act of 1938, as amended.

In the last 8 or 10 years, the producers of this cotton have been contributing about 1 percent of their gross return to finance an advertising and promotion campaign. This has resulted in a substantial increase in consumption of this cotton in this country. It is conceded that it would not be fair to the U.S. growers to permit foreign-grown cotton to fill the demand which they have created through their advertising campaign. In recognition of the increased demand, the quantity of cotton which farmers are permitted to grow and sell under the acreage allotment and marketing quota was increased more than 50 percent for 1962. The 47,500 bales of American-grown cotton which would be released under the bill are needed to take care of the demand until the larger 1962 crop becomes available. This is the reason for the urgency in connection with this legislation.



Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued July 13, 1962
For actions of July 12, 1962
87th-2d, No. 118

CONTENTS

Appropriations.....9,34	Foreign affairs.....16	Lands.....11
Area redevelopment.....28	Foreign agriculture..14,25	Legislative program.....7
Budgeting.....9	Foreign aid.....2,22	Lobbying.....16
Contracts.....29	Foreign trade.....21	Medical care.....12
Cotton.....8	Forestry.....19	Migratory labor.....10
Dairy.....20	Holiday.....31	Milk marketing.....20
Economics.....35	Honeybees.....7	Monopolies.....18
Education.....24	Intergovernmental	Patents.....30
Electrification...5,23,32	relations.....17	Personnel.....33
Farm program.....1,7,26	Land-grant colleges..15,24	Public Law 480.....2
		Public welfare.....12
		Reclamation.....27
		Retirement.....33
		Small business.....4
		Stockpile.....8
		Sugar.....7,16
		Taxation.....13
		Water resources.....6
		Wheat referendum.....3

HIGHLIGHTS: House committee reported farm bill. House passed measure to extend wheat referendum to August 31, 1962. Senate committee reported bill for disposal of stocks of extra long staple cotton. House passed foreign aid authorization bill

HOUSE

1. FARM PROGRAM. The Agriculture Committee reported with amendment H. R. 12391, the new farm bill (H. Rept. 1976). p. 12559
2. FOREIGN AID. Passed with amendment S. 2996, the foreign aid authorization bill, after substituting the language of a similar bill, H. R. 11921. (H. R. 11921 had been passed earlier in the day with amendments by a vote of 250 to 164. (pp. 12486-541) Conferees were appointed (p. 12541).

Agreed to the following amendments:

By Rep. Casey, by a vote of 277 to 4, as amended by an amendment by Rep. Morgan, to give the President discretionary authority to furnish assistance to communist countries when he finds it to be in the national interest. pp. 12486-512

By Rep. Hardy, to provide that the President shall establish procedures to insure that foreign aid is not used to promote projects and activities of the Communist-bloc countries. p. 12512

By Rep. Rogers, to provide that no assistance shall be furnished to the present Government of Cuba, or to any country which furnishes assistance to that Government, unless the President finds it to be in the national interest. pp. 12514-5

Rejected the following amendments:

By Rep. Barry, to provide that surplus commodities sold to foreign countries under Public Law 480 shall be sold at rates of exchange not less favorable than the highest rates legally obtainable from the governments of the purchasing countries. pp. 12527-8

By Rep. Fino, to provide that no assistance shall be provided under this bill or under Public Law 480 to any country which does not share the view of the U. S. on the world crisis. pp. 12515-6

3. WHEAT REFERENDUM. Passed without amendment H. J. Res. 809, to provide that the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963, may be conducted not later than August 31, 1962 (p. 12544). This measure had been reported without amendment earlier in the day by the Agriculture Committee (H. Rept. 1975) (p. 12559).
4. SMALL BUSINESS. Received the conference report on S. 2970, to increase the revolving fund of the Small Business Administration (H. Rept. 1974). pp. 12541-2
5. ELECTRIFICATION. Rep. May urged approval of proposed legislation to authorize construction of electric generating facilities at the new production reactor at Hanford, Wash. pp. 12552-3
6. WATER RESOURCES. Received from the Department of the Army several reports of the Corps of Engineers on rivers and harbors and flood control projects. p. 12559
7. LEGISLATIVE PROGRAM. Rep. Albert announced the following program: Fri.: H. R. 8050, importation of honeybees and allocation of sugar quotas to Western Hemisphere countries; Mon.: the new farm bill, if a rule is granted. p. 12544

SENATE

8. COTTON. The Agriculture and Forestry Committee reported without amendment H. R. 10595, to facilitate the sale and disposal of Government stocks of extra long staple cotton (S. Rept. 1724) (p. 12396). See Digest No. 80 for provision of this bill.
9. BUDGETING; APPROPRIATIONS. Sen. Dirksen commended and inserted a letter from Sen. Robertson to the Speaker of the House urging House action on S. 529, a bill to create a joint committee on the budget, which contains a provision that such a joint committee would select its own chairman, and that the chairmanship would rotate between the House and the Senate, with the chairmanship going to the House of Representatives in the even-numbered years and to the Senate in the odd-numbered years. This bill passed the Senate in the 1st session of the current Congress and is now pending in the House Rules Committee. pp. 12413-4
10. MIGRATORY LABOR. Agreed to without amendment S. Res. 360, increasing from \$50,000 to \$70,000 the funds for investigation of migratory labor. p. 12480
11. LANDS. The Interior and Insular Affairs Committee reported with amendment S. 1161, to provide for the use of lands in the Garrison Dam project by the Three Affiliated Tribes of the Fort Berthold Reservation (S. Rept. 1723). p. 12396

SALE AND DISPOSAL OF EXTRA LONG STAPLE COTTON

JULY 12, 1962.—Ordered to be printed

Mr. JORDAN, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany H.R. 10595]

The Committee on Agriculture and Forestry, to whom was referred the bill (H.R. 10595) to facilitate the sale and disposal of Government stocks of extra long staple cotton, having considered the same, report thereon with a recommendation that it do pass without amendment.

SHORT EXPLANATION

This bill provides for disposition of all extra long staple cotton in the strategic stockpile. The cotton would be transferred to the Commodity Credit Corporation, which would sell the domestic cotton (about 47,000 bales) only for unrestricted use at not less than 115 percent of the current support price plus reasonable carrying charges, and the foreign cotton (about 172,000 bales) only for export at not less than the world price. Foreign cotton could be disposed of under Public Law 480, 83d Congress, and quantities to be disposed of through commercial and Public Law 480 sales of foreign cotton would be announced periodically by the Secretary of Agriculture.

The domestic cotton, while held by Commodity Credit Corporation, and the foreign cotton at all times would be excluded from marketing quota determinations. (Thus none of the cotton while held by Commodity Credit Corporation would be included in the carryover to reduce the national marketing quota, and exports of foreign cotton would not be included in normal supply to increase the quota, but consumption and exports of domestic cotton would be included in normal supply in the same manner as other domestic cotton.) Net proceeds would be covered into the Treasury as miscellaneous receipts.

The committee also had before it a similar Senate bill, S. 2955.

The Department of State, Office of Emergency Planning, and General Services Administration reported favorably on S. 2955, with amendments, most of which have since been included in H.R. 10595. The Department of Agriculture's report, which was received after passage of H.R. 10595 by the House of Representatives, recommended amendment of S. 2955 to conform to H.R. 10595, and the committee was advised that all agencies concerned favor H.R. 10595 as passed by the House. Hearings were held by the Committee on Agriculture and Forestry on June 28 and all witnesses favored passage of the bill without amendment.

It will be noted that in his letter of March 30, the Acting Director of the Office of Emergency Planning recommended an amendment which would have required the concurrence of other interested Government departments or agencies in the determination and announcement by the Secretary of Agriculture of disposal quotas. The House of Representatives, after careful consideration of this amendment, determined that such concurrence should not be required, and the Department of Agriculture in its letter of June 5, with Budget Bureau approval, recommended an amendment similar to that proposed by the Acting Director of the Office of Emergency Planning, but omitting the requirement with respect to concurrence by other Government agencies. The Department of Agriculture would, of course, be aware of the interests of other agencies and would take such action as was deemed to be in the best interest of this Government.

BACKGROUND AND HISTORY

During the Korean hostilities, in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act (Public Law 79-520), the Munitions Board in the Department of Defense determined that extra long staple cotton should be a stockpile material and a stockpile objective for this cotton was established. As a result of these decisions, the Government in the next few years acquired 269,000 bales of extra long staple cotton. (In this report, the bales are counted as 500-pound bales rather than as running bales.) The decision to stockpile extra long staple cotton was made because military needs could not adequately be provided from domestic production and because the experience in meeting military needs arising in connection with the Korean hostilities had indicated a dangerous, costly dependence upon certain foreign sources of supply. The essential military needs for extra long staple cotton were in the form of cordage and webbing, shoelaces, sewing thread, and fine-count military fibers, all of which, at that time, could not be made by other available fibers.

Since the stockpile was established, two significant changes have arisen. First, the domestic producing industry has become firmly established. As a consequence, the United States possesses a strong domestic production capability which could be substantially expanded to meet increased needs in the event of hostilities. Second, the development of new fibers and fabrics provided a number of substitute materials, which could meet many of the needs previously supplied exclusively by extra long staple cotton.

Therefore, on March 13, 1957, the Director of the Office of Defense Mobilization, predecessor agency to the Office of Emergency Planning,

determined that there was no longer a need to stockpile extra long staple cotton for national security purposes. Later that year, Public Law 85-96 was passed authorizing sale of 50,000 bales from the stockpile. In August 1957, the General Services Administration published in the Federal Register and submitted to the Congress a disposal plan for the remaining 219,000 bales. That plan has not been acted upon by either the House or the Senate Committees on Armed Services. This proposed legislation would accomplish the disposal of these remaining bales of extra long staple cotton and so would supplant that pending disposal plan.

In March 1961, President Kennedy urged that surplus Government-owned materials be used in connection with the revised foreign aid program. In endeavoring to utilize the unneeded extra long staple cotton removed from the stockpile by Public Law 85-96 for this program, it became apparent that a number of laws made such use difficult, if not undesirable. Accordingly, over a period of several months, staffs from the executive and legislative branches of the Government worked with representatives of the industry in developing a comprehensive disposal program which could overcome the several obstacles while protecting the public interest. The use of Public Law 480 and the provisions relating to annual marketing quotas are two important provisions of this disposal program. When in December it was apparent that an effective disposal program could be agreed upon, the Director of the Office of Emergency Planning authorized the development of the disposal plan. H.R. 10595 is based upon these joint efforts and is consistent with the general disposal plan on which all parties have been working.

The 219,000 bales of extra long staple cotton to be covered by this legislation represent substantial continuing costs to the Government. For example: Present annual storage costs alone total about \$554,000. In the past 5 years, it has cost about \$2,770,000 to store this cotton. These costs do not include the cost for the 50,000 bales of cotton which was authorized to be sold under Public Law 85-96.

Extra long staple cotton statistics

Year beginning Aug. 1	Allotment	Production	Imports	Disappearance	U.S. carry-over ¹	World stocks-producing countries ²
	<i>Thousand acres</i>	<i>Thousand bales</i>	<i>Thousand bales</i>	<i>Thousand bales</i>	<i>Thousand bales</i>	<i>Thousand bales</i>
1957-58	89.4	79.7	99.7	109.1	53.3	760
1958-59	83.3	81.9	85.5	132.6	121.7	747
1959-60	70.8	69.1	83.2	141.5	152.3	897
1960-61	64.8	66.0	85.7	155.3	155.4	675
1961-62	63.7	61.1	85.6	³ 180.0	135.1	785
1962-	100.3					

¹ Beginning of marketing year.
² International Cotton Advisory Committee, May 1962.
³ Estimated.

Source: Cotton Situation, March 1962.

DEPARTMENTAL VIEWS

EXECUTIVE OFFICE OF THE PRESIDENT,
 OFFICE OF EMERGENCY PLANNING,
 OFFICE OF THE DIRECTOR,
 Washington, D.C., March 30, 1962.

HON. ALLEN J. ELLENDER,
 Chairman, Committee on Agriculture and Forestry,
 U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This has reference to your request of March 9, 1962, for our comments on S. 2955, a bill to facilitate the sale and disposal of Government stocks of extra long staple cotton.

The proposed bill would authorize the transfer to the Commodity Credit Corporation for disposal of all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act.

There is no present or anticipated need for stockpiling this material for the national security. The executive branch has recently undertaken the development of a plan for the disposal of such material substantially along the lines proposed by S. 2955.

For reasons which will be explained below, the Office of Emergency Planning recommends the following amendments to the proposed legislation:

(1) Page 2, line 8, strike the words "made available" and substitute therefor the word "transferred".

(2) Page 2, line 9, put a period after the word "Corporation" and strike the words "in lots as requested".

It is our opinion that transferring the entire inventory would tend to expedite the sales or disposals and eliminate budgetary and other administrative problems.

(3) Page 2, line 11, remove the period at the end of the sentence and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture, unless some other basis is proposed by the Secretary of Agriculture and concurred in by other interested Government departments or agencies".

The added language makes it clear that export sales of foreign-grown cotton may be at world market prices. It also assures that export sales on any other basis will not interfere with the international relations of the United States.

(4) Page 2, line 11, before the sentence beginning with the words "Such foreign grown cotton * * *" insert the following new sentence: "In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture, with the concurrence of other interested Government departments or agencies, shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

The addition of this sentence will establish an administrative process, which will permit Government officials involved in disposal of the foreign-grown cotton to liquidate the inventories under terms and circumstances which will protect the United States against avoidable loss, and also protect the producers, processors, and consumers against avoidable disruption of their markets.

With the inclusion of the amendments suggested above, the Office of Emergency Planning recommends enactment of S. 2955.

The Bureau of the Budget has advised that there would be no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

EDWARD A. McDERMOTT, *Acting Director.*

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., April 6, 1962.

HON. ALLEN J. ELLENDER,
*Chairman, Committee on Agriculture and Forestry,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Your letter of March 9, 1962, requested a report on S. 2955, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton.

The bill would direct that all extra-long-staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98-98h), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided therein.

General Services Administration recommends the enactment of the bill, since there is ample evidence to support the conclusion that, in the event of an emergency, a sufficient quantity of domestic extra-long-staple cotton can be grown to meet currently anticipated military and essential civilian needs. It is suggested, however, that the fourth and fifth sentences of the bill be deleted and there be substituted the language: "The foreign-grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold or disposed of only for export." This change, if the bill is enacted, would result in the immediate transfer of the foreign-grown cotton to the Commodity Credit Corporation. The bill now provides for the immediate transfer of the domestically grown cotton to the Commodity Credit Corporation. Simultaneous transfer of the entire quantity, regardless of origin, would be more efficient and would promote administrative and storage savings. The reasons for such savings and improved management are given in detail in a March 13, 1962, letter from GSA to OEP and a March 16, 1962, letter from OEP to Agriculture, copies of which are enclosed.

It is our understanding that the Office of Emergency Planning in its report to your committee on S. 2955 has proposed certain amendments thereto. The General Services Administration would have no objection to such amendments.

The Bureau of the Budget has advised that from the standpoint of the administration's program there is no objection to the submission of this report to your committee.

Sincerely yours,

BERNARD L. BOUTIN, *Administrator.*

DEPARTMENT OF STATE,
Washington, May 1, 1962.

HON. ALLEN J. ELLENDER,
U.S. Senate.

DEAR MR. CHAIRMAN: Acting Director Edward A. McDermott recently sent you the views of the Office of Emergency Production on H.R. 10296, a bill to facilitate the sale and disposal of Government stocks of extra-long-staple cotton. The Department of State is in agreement with these views. I should like to make available for your consideration further comments which relate to the foreign policy aspects which the Department believes the Congress will wish to be aware of in its deliberations on this legislation.

The export of extra-long-staple cotton is of considerable importance to the economies of several less developed countries, in particular Sudan, United Arab Republic, and Peru. These countries are dependent on the export of extra-long-staple cotton for a goodly portion of their foreign exchange earnings. In the case of the Sudan and the United Arab Republic this commodity accounts for about 55 and 70 percent, respectively, of total export earnings. Since this commodity is susceptible to particularly volatile price swings, these foreign governments are concerned that our disposal operations not adversely affect their precarious balance-of-payments position. Fostering good relationships with these countries is an important part of our overall foreign policy. Within this general objective, the United States has undertaken various programs of assistance to these countries. In particular, we are attempting to assist and encourage these countries in their own efforts to develop their own economies. It will be much in the U.S. interest, therefore, that our disposal of extra-long-staple cotton be conducted in a way which will neither tend to counter our own efforts to help these countries, nor to impair seriously their own efforts to help themselves.

For these reasons the Department of State believes it is most important that the amendments to the proposed legislation recommended in Mr. McDermott's letter be adopted.

The Bureau of the Budget advises that from the standpoint of the administration's program there is no objection to the submission of this report.

Very truly yours,

FREDERICK G. DUTTON,
Assistant Secretary.

DEPARTMENT OF AGRICULTURE,
Washington, D.C., June 5, 1962.

HON. ALLEN J. ELLENDER,
Chairman, Committee on Agriculture and Forestry,
U.S. Senate.

DEAR SENATOR ELLENDER: This is in reply to your request of March 9, 1962, for a report on S. 2955, a bill to facilitate the sale and disposal of Government stocks of extra long staple cotton.

The Department favors the enactment of this bill with amendments as set forth below.

The bill provides that all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials

Stock Piling Act, as amended, shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition. The domestically grown cotton in the stockpile would be transferred to the Commodity Credit Corporation for sale for unrestricted use only at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. It also provides that the domestically grown portion of the cotton in the stockpile shall be excluded in making any determination with respect to national marketing quotas until after it is sold by the CCC. The foreign-grown cotton in the stockpile would be made available to CCC in lots as requested for sale or disposal for export only. Such foreign-grown cotton would be excluded in making any determination with respect to national marketing quotas but would be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and would be eligible for sale or disposal thereunder as provided in that act.

About 10 years ago approximately 269,000 bales of extra long staple cotton was placed in the national stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act. Early in 1957, extra long staple cotton was removed from the list of critical and strategic materials. Under Public Law 85-96, dated July 1, 1957, Congress authorized the release for sale by CCC of 50,000 bales of domestically produced stockpile cotton. All but a few thousand bales of this cotton has been sold. There are presently some 219,000 bales of extra long staple cotton in the stockpile which have not been made available for sale. Of this cotton, about 47,000 bales are American grown, and about 172,000 bales are of Egyptian and Sudanese origin.

We are of the opinion that the cotton remaining in the stockpile should be made available for sale as soon as practicable. Market conditions for extra long staple cotton are currently fairly favorable and appears that it will be possible to dispose of some of the stockpile cotton in the next few months if this bill is enacted into law promptly. The sale of the domestically produced cotton released for sale in 1957 was accomplished without adversely affecting domestic market prices, and we would expect no serious problem under the provisions of this bill in the disposition of the remainder of such cotton. None of the foreign-grown stockpile cotton has been released; however, we believe this cotton also should be made available for disposition.

This foreign-grown cotton might be used in some cases in lieu of aid dollars. Its disposition would have the effect of improving our balance-of-payments position and reducing Government outlays through savings on carrying costs.

The amendments recommended by the Department are as follows:

On page 2, line 8, strike out the words "made available" and insert in lieu thereof the word "transferred".

On page 2, line 9, place a period after the word "Corporation" and strike out the words "in lots as requested".

On page 2, line 11, remove the period after the word "export" and add the following: "at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture

shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended."

These amendments to S. 2955 are the same as those agreed to by the House of Representatives on May 21, 1962, when H.R. 10595 was considered and passed.

The Bureau of the Budget advises that there is no objection to the presentation of this report from the standpoint of the administration's program.

Sincerely yours,

ORVILLE L. FREEMAN, *Secretary*.

○

Calendar No. 1683

87TH CONGRESS
2D SESSION

H. R. 10595

[Report No. 1724]

IN THE SENATE OF THE UNITED STATES

MAY 22, 1962

Read twice and referred to the Committee on Agriculture and Forestry

JULY 12, 1962

Reported by Mr. JORDAN, without amendment

AN ACT

To facilitate the sale and disposal of Government stocks of
extra long staple cotton.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That, notwithstanding any other provision of law, all extra
4 long staple cotton remaining in the stockpile established
5 pursuant to the Strategic and Critical Materials Stock Piling
6 Act, as amended (50 U.S.C. 98), shall be withdrawn and
7 transferred or made available to the Commodity Credit
8 Corporation for disposition as provided herein. The domes-
9 tically grown cotton in the stockpile shall be transferred to
10 the Commodity Credit Corporation and shall be sold only for
11 unrestricted use at not less than the prices at which the

1 Commodity Credit Corporation may sell its stocks under the
2 minimum pricing provisions of section 407 of the Agricul-
3 tural Act of 1949, as amended. Such domestically grown
4 cotton shall be excluded in making any determination with
5 respect to national marketing quotas under the Agricultural
6 Adjustment Act of 1938, as amended, until after it is sold
7 by Commodity Credit Corporation. The foreign-grown cot-
8 ton in the stockpile shall be transferred to the Commodity
9 Credit Corporation. Any foreign-grown cotton transferred
10 hereunder to the Commodity Credit Corporation shall be
11 sold or disposed of only for export at not less than the
12 world market price, as determined by the Secretary of Agri-
13 culture. In administering sales or disposals of the foreign-
14 grown cotton, the Secretary of Agriculture shall periodically
15 determine and announce quotas for disposals by commercial
16 sales and for disposals through the Agricultural Trade Devel-
17 opment and Assistance Act of 1954, as amended. Such
18 foreign-grown cotton shall be excluded in making any deter-
19 mination with respect to national marketing quotas under the
20 Agricultural Adjustment Act of 1938, as amended, and shall
21 be considered as domestically grown surplus cotton for pur-
22 poses of sale or disposal under the provisions of the Agri-
23 cultural Trade Development and Assistance Act of 1954,
24 as amended, and shall be eligible for sale or disposal there-
25 under in accordance with the provisions of this Act.

1 Proceeds from such sales and dispositions, less costs
2 incurred by Commodity Credit Corporation, including ad-
3 ministrative expense, as determined by the Secretary of
4 Agriculture, shall be covered into the Treasury of the United
5 States as miscellaneous receipts.

Passed the House of Representatives May 21, 1962.

Attest:

RALPH R. ROBERTS,

Clerk.

Calendar No. 1683

87TH CONGRESS
2^D Session

H. R. 10595

[Report No. 1724]

AN ACT

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

MAY 22, 1962

Read twice and referred to the Committee on
Agriculture and Forestry

JULY 12, 1962

Reported without amendment

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited)

Issued July 16, 1962
For actions of July 13, 1962
87th-2d, No. 119

CONTENTS

Adjournment.....14,19	Foreign aid.....3,22	Pesticides.....9
Animal feed.....27	Foreign trade.....17,21	Public lands.....8
Appropriations.....7	Fruit exports.....12	Public Law 480.....16
Contracts.....24	Hanford project.....25	Quality stabilization...23
Cotton.....2	Health.....5	Reclamation.....8
Economic advisers.....6	Honeybees.....15	Recreation.....26
Education.....11	Land-grant colleges.....11	Small business.....4
Electrification.....8,25	Legislative program....18	Sugar.....15,18
Farm bill.....16,18	Nomination.....6	Transportation.....20
Food shortage.....10	Packaging.....13	Wheat referendum.....1

HIGHLIGHTS: Senate passed measure extending time for wheat referendum until Aug. 31. Senate passed bill to dispose of extra long staple cotton. House Rules Committee cleared honey-bee imports bill for debate on Senate sugar amendment after request for immediate consideration had been objected to. Sen. Proxmire expressed concern about pesticide use. Sen. Lausche reported on food shortage in Communist countries. Sen. Engle discussed possible Common Market effect on fruit exports. Rules Committee granted open rule on Public Law 480 provision of farm bill.

SENATE

1. WHEAT REFERENDUM. Passed without amendment H. J. Res. 809, to extend until Aug. 31 the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963. This measure will now be sent to the President. p. 12634
2. COTTON. Passed without amendment H. R. 10595, which provides for transfer to CCC and disposition of extra long staple cotton now held in the national strategic stockpile. This bill will now be sent to the President. pp. 12634-5
3. FOREIGN AID. Senate conferees were appointed on S. 2996, the foreign-aid authorization bill. House conferees have been appointed. pp. 12631-4
4. SMALL BUSINESS. Agreed to the conference report on S. 2970, to increase the revolving fund under the Small Business Act for disaster and business loans.

The conference report was agreed to by the House earlier in the day. This bill will now be sent to the President. pp. 12668-71, 12573-8

5. HEALTH. Continued debate on H. R. 10606, to extend and improve the public assistance and child welfare services programs of the Social Security Act. pp. 12626-7, 12635-46, 12648-668, 12671-78
6. NOMINATION. Received the nomination of N. Gardner Ackley to be a member of the Council of Economic Advisers. p. 12678
7. APPROPRIATIONS. The Daily Digest states: "Special committees of the Senate and House Committees on Appropriations met jointly in executive session to discuss procedures for the consideration of appropriation measures, but made no announcements, and will meet again on Monday, July 16." p. D584
8. PUBLIC LANDS; RECLAMATION; ELECTRIFICATION. The Interior and Insular Affairs Committee voted to report (but did not actually report) S. 284, to authorize the Fryingpan-Arkansas reclamation project; S. 594, to authorize the Crater-Long Lakes division of the Snettisham project, Alaska; S. 3153, providing that electric consumers in the Pacific Northwest have first call on electric energy generated at certain Federal plants; S. 1192, repealing the prohibition in the Mineral Leasing Act against railroads' holding Federal coal leases for other than railroad purposes; and S. Res. 361, authorizing a study of the disposition of revenues from natural resources from Federal lands. p. D584
9. PESTICIDES. Sen. Proxmire expressed concern about the heavier use of pesticides and inserted an editorial calling attention to Rachel Carson's warning. pp. 12604-5
10. FOOD SHORTAGE. Sen. Lausche called attention to the food shortage in Communist countries as reported in an article by Joseph Alsop which he inserted. pp. 12608-9
11. LAND-GRANT COLLEGES. Sen. Church inserted an article by Rafe Gibbs in commemoration of the 100th anniversary of establishment of the land-grant colleges. pp. 12622-3
12. FRUIT EXPORTS. Sen. Engle expressed concern about the possible effect of the European Common Market on the exportation of fruit from this country. He inserted letters to the State Department from a group of Senators regarding this matter. pp. 12623-4
13. PACKAGING. Sen. Dirksen discussed the possibility of additional legislation regarding packaging of consumer goods and inserted articles suggesting more industry participation in this matter. pp. 2630-1
14. ADJOURNED until Mon., July 16. p. 12678

HOUSE

15. HONEY-BEE AND SUGAR IMPORTS. Rep. Cooley asked unanimous consent to concur in the Senate's sugar amendment to H. R. 8050, to amend the act relating to importation of adult honey bees, but the request was objected to. The Rules Committee then reported a resolution to make the action in order. pp. 12569-71, 12576, 12600

(c) In section 507(b), add a new sentence to read as follows: "No sales of unclassified defense articles shall be made to the government of any economically developed nation under the provisions of this subsection unless such articles are not generally available for purchase by such nations from commercial sources in the United States: *Provided, however*, That the Secretary of Defense may waive the provisions of this sentence when he determines that the waiver of such provisions is in the national interest."

(d) In section 510(a), which relates to special authority, strike out "1962" in the first and second sentences and substitute "1963".

PART III

Chapter 1—General provisions

SEC. 301. Chapter 1 of part III of the Foreign Assistance Act of 1961, as amended, which relates to general provisions, is amended as follows:

(a) In section 611(a), which relates to completion of plans and cost estimates, strike out "and II" and substitute ", II, and VI".

(b) Strike out section 618, which relates to economic assistance to Latin America, and substitute a new section 618 as follows:

"SEC. 618. USE OF SETTLEMENT RECEIPTS.—United States dollars directly paid to the United States under the Agreement Between the United States of America and Japan Regarding the Settlement of Postwar Economic Assistance to Japan may be appropriated or otherwise made available to the President in any appropriation Act, within the limitations of part I of this Act, to carry out the provisions of that part."

(c) In section 620(a), which relates to prohibitions against furnishing assistance to Cuba, amend the first sentence to read as follows: "No assistance shall be furnished under this Act to the present government of Cuba, or to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States."

(d) In section 620(c), which relates to prohibitions against furnishing assistance to governments indebted to American citizens, insert "or ordered" after "furnished", insert "either" after "remedies and", and immediately before the period of the end thereof insert "or indebtedness arises under an unconditional guaranty of payment given by such government or any predecessor government".

(e) In section 620, which relates to restrictions on assistance to certain countries, add the following new subsection:

"(e) The President shall suspend assistance to the government of any country to which assistance is provided under this Act when the government of such country or any governmental agency or subdivision within such country on or after January 1, 1962—

"(1) has nationalized or expropriated or seized ownership or control of property owned by any United States citizen or by any corporation, partnership, or association not less than 50 per centum beneficially owned by United States citizens, or

"(2) has imposed or enforced discriminatory taxes or other exactions, or restrictive maintenance or operational conditions, which have the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property so owned,

and such country, government agency or government subdivision fails within a reasonable time (not more than six months after such action or after the date of enactment of this subsection, whichever is later) to take appropriate steps to discharge its obligations toward such citizen or entity, including equitable and speedy compensa-

tion for such property in convertible foreign exchange, as required by international law, or fails to take steps designed to provide relief from such taxes, exactions, or conditions, as the case may be, and such suspension shall continue until he is satisfied that appropriate steps are being taken and no other provision of this Act shall be construed to authorize the President to waive the provisions of this subsection.

"(f) No assistance shall be furnished under this Act, as amended, to any Communist country. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds and promptly reports to Congress that: (1) such assistance is vital to the security of the United States; (2) the recipient country is not controlled by the international Communist conspiracy; and (3) such assistance will further promote the independence of the recipient country from international communism. For the purposes of this subsection, the phrase 'Communist country' shall include specifically, but not be limited to, the following countries:

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia-Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics.

"(g) Notwithstanding any other provision of law, no monetary assistance shall be made available under this Act to any government or political subdivision or agency of such government which will be used to compensate owners for expropriated or nationalized property and, upon finding by the Administrator that such funds have been diverted by any government for such purpose, no further assistance under this Act shall be furnished to such government until appropriate reimbursement is made to the United States for sums so diverted.

"(h) The President shall adopt regulations and establish procedures to insure that the United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries."

Chapter 2—Administrative provisions

SEC. 302. Chapter 2 of part III of the Foreign Assistance Act of 1961, as amended, which relates to administrative provisions, is amended as follows:

(a) In section 621, which relates to exercise of functions, delete "(a)" and strike out subsections (b), (c), (d), and (e).

(b) Amend section 624, which relates to statutory officers, by striking out subsection (d) and redesignating subsection (e) as subsection "(d)", inserting in paragraph 2(A) of redesignated subsection (d) ", and programs being conducted by United States Government agencies under Public Law 86-735," after "Peace Corps", and inserting in paragraphs (5) and (7) of redesignated subsection (d) ", and Public Law 86-735" after "part II of this Act".

(c) Amend section 625, which relates to employment of personnel, as follows:

(1) In subsection (b) strike out "seventy-six" in the first sentence and substitute "one hundred".

(2) In subsection (d) add the following proviso before the period at the end of paragraph (2): "*Provided further*, That, whenever the President determines it to be important for the purposes of this Act, the President may initially assign personnel under this paragraph for duty within the United States for a period not to exceed two years for the purpose of preparation for assignment outside the United States; however, the authority contained in this proviso may not be exercised with respect to more than thirty persons in the aggregate."

(3) Amend subsection (f) to read as follows:

"(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act with respect to specific projects shall be deemed to be obligated for the services of personnel employed by agencies of the United States Government (other than the agencies primarily responsible for administering part I or part II of this Act) as well as personnel not employed by the United States Government."

(g) In section 629(b), which relates to status of personnel detailed, strike out "624(e)" in the first sentence and substitute "624(d)".

(e) In section 634(a), which relates to reports and information, insert the following before the period at the end of the second sentence: "and on progress under the freedom of navigation and nondiscrimination declaration contained in section 102".

(f) (1) In section 634(d), which relates to reports and information, strike out "In January of each year" and "preceding twelve months" in the first sentence and substitute "At the end of each fiscal year" and "fiscal year" respectively.

(2) After the first sentence of such section 634(d) insert the following: "There shall also be included in the presentation material submitted to the Congress during its consideration of amendments to this Act, or of any Act appropriating funds pursuant to authorizations contained in this Act, a comparison of the current fiscal year programs and activities with those presented to the Congress in the previous year and an explanation of any changes."

(g) In section 635(h), which relates to general authorities, strike out "and V" and substitute ", V, and VI" and strike out "made".

(h) In section 637(a), which relates to administrative expenses, strike out "1962" and substitute "1963".

Chapter 3—Miscellaneous provisions

SEC. 303. Chapter 3 of part III of the Foreign Assistance Act of 1961, as amended, which relates to miscellaneous provisions, is amended as follows:

(a) Section 643, which relates to saving provisions, is amended by striking out subsection (d).

(b) Section 644(m), which relates to definitions, is amended by striking out "as grant assistance" in subparagraphs (2) and (3).

(c) Section 645, which relates to unexpended balances, is amended by inserting "this Act or" after "pursuant to".

PART IV—AMENDMENTS TO OTHER LAWS

SEC. 401. Part IV of the Foreign Assistance Act of 1961, as amended, is repealed, which repeal shall not be deemed to affect amendments contained in such part.

SEC. 402. Section 2 of the Act of August 1, 1956 (70 Stat. 890), as amended, is further amended by adding after paragraph (a) the following new paragraph:

"(b) for the purpose of promoting and maintaining friendly relations with foreign countries through the prompt settlement of certain claims, settle and pay any meritorious claim against the United States which is presented by a government of a foreign coun-

try for damage to or loss of real or personal property of, or personal injury to or death of, any national of such foreign country: *Provided*, That such claim is not cognizable under any other statute or international agreement of the United States and can be settled for not more than \$15,000 or the foreign currency equivalent thereof."

Mr. SPARKMAN. Mr. President, I move that the Senate disagree to the amendment of the House to S. 2996, to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes," agree to the conference asked by the House, and that the conferees on the part of the Senate be named by the Chair.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Chair appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. WILEY, Mr. HICKENLOOPER, and Mr. AIKEN conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum, and I ask unanimous consent that the time for the quorum be not charged to either side.

The VICE PRESIDENT. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

EXTENSION OF TIME FOR THE HOLDING OF THE 1963 WHEAT MARKETING QUOTA REFERENDUM

The Chair laid before the Senate the joint resolution (H.J. Res. 809) to extend the time for conducting the referendum with respect to the national marketing quota for wheat for the marketing year beginning July 1, 1963, which was read twice by its title.

The VICE PRESIDENT. The joint resolution is before the Senate and open to amendment.

Mr. ELLENDER. Mr. President, the joint resolution would extend the time for holding the 1963 wheat marketing quota referendum. Under existing law it must be held between the date of issuance of the marketing quota proclamation and July 25. Under the joint resolution it could be held at any time up to and including August 31.

Congress has twice extended the time for proclaiming the 1963 marketing quota, which was proclaimed on June 26. On June 11, the Senate also voted to extend the time for holding the referendum until as late as August 25. This provision of Senate Joint Resolution 198, however, was stricken out by the House, and the Senate subsequently agreed to the House amendment. On two oc-

casions in past years the time for holding the referendum has been extended—to as late as August 15 in the case of the 1954 crop, and as late as August 26 in the case of the 1962 crop.

The Senate has passed legislation making changes in the wheat marketing quota law. That legislation has not been acted upon by the House. It now appears that the Senate bill may not be considered by the House. However, it is now July 12. If the referendum is held before July 25, there will have to be a rush job to get the allotments to the farmers before they vote. There will not be time for adequate consideration by the farmers. In order that the 1.8 million allotments may be issued in an orderly fashion and still provide the farmer with some time to make up his mind in the light of his allotment and the current legislative situation, the time for the referendum should be extended.

The House has already acted upon the joint resolution favorably.

I have discussed the matter with the distinguished Senator from North Dakota [Mr. Young] and other members of the Committee on Agriculture and Forestry, and there is no objection to considering the joint resolution at this time.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). Is there objection to the present consideration of the joint resolution?

There being no objection, the joint resolution was considered, ordered to a third reading, was read the third time, and passed.

THE FACILITATION OF SALE AND DISPOSAL OF EXTRA LONG STAPLE COTTON

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1683, H.R. 10595.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 10595) to facilitate the sale and disposal of Government stocks of extra long staple cotton.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HUMPHREY. Mr. President, the bill has been reported unanimously by the Committee on Agriculture and Forestry and has been passed by the House. The proposal has the full approval of the agencies of Government. I ask that the Senate approve it.

I ask unanimous consent that pertinent portions of the committee report describing the purposes of the bill be made a part of the RECORD.

There being no objection, the excerpt from the report was ordered to be printed in the RECORD, as follows:

This bill provides for disposition of all extra-long-staple cotton in the strategic stockpile. The cotton would be transferred to the Commodity Credit Corporation, which would sell the domestic cotton (about 47,000

bales) only for unrestricted use at not less than 115 percent of the current support price plus reasonable carrying charges, and the foreign cotton (about 172,000 bales) only for export at not less than the world price. Foreign cotton could be disposed of under Public Law 480, 83d Congress, and quantities to be disposed of through commercial and Public Law 480 sales of foreign cotton would be announced periodically by the Secretary of Agriculture.

The domestic cotton, while held by Commodity Credit Corporation, and the foreign cotton at all times would be excluded from marketing quota determinations. (Thus none of the cotton while held by Commodity Credit Corporation would be included in the carryover to reduce the national marketing quota, and exports of foreign cotton would not be included in normal supply to increase the quota, but consumption and exports of domestic cotton would be included in normal supply in the same manner as other domestic cotton). Net proceeds would be covered into the Treasury as miscellaneous receipts.

The committee also had before it a similar Senate bill, S. 2955. The Department of State, Office of Emergency Planning, and General Services Administration reported favorably on S. 2955, with amendments, most of which have since been included in H.R. 10595. The Department of Agriculture's report, which was received after passage of H.R. 10595 by the House of Representatives, recommended amendment of S. 2955 to conform to H.R. 10595, and the committee was advised that all agencies concerned favor H.R. 10595 as passed by the House. Hearings were held by the Committee on Agriculture and Forestry on June 28, and all witnesses favored passage of the bill without amendment.

It will be noted that in his letter of March 30, the Acting Director of the Office of Emergency Planning recommended an amendment which would have required the concurrence of other interested Government departments or agencies in the determination and announcement by the Secretary of Agriculture of disposal quotas. The House of Representatives, after careful consideration of this amendment, determined that such concurrence should not be required, and the Department of Agriculture in its letter of June 5, with Budget Bureau approval, recommended an amendment similar to that proposed by the Acting Director of the Office of Emergency Planning, but omitting the requirement with respect to concurrence by other Government agencies. The Department of Agriculture would, of course, be aware of the interests of other agencies and would take such action as was deemed to be in the best interest of this Government.

BACKGROUND AND HISTORY

During the Korean hostilities, in accordance with the provisions of the Strategic and Critical Materials Stock Piling Act (Public Law 79-520), the Munitions Board in the Department of Defense determined that extra-long-staple cotton should be a stockpile material and a stockpile objective for this cotton was established. As a result of these decisions, the Government in the next few years acquired 269,000 bales of extra-long-staple cotton. (In this report, the bales are counted as 500-pound bales rather than as running bales.) The decision to stockpile extra-long-staple cotton was made because military needs could not adequately be provided from domestic production and because the experience in meeting military needs arising in connection with the Korean hostilities had indicated a dangerous, costly dependence upon certain foreign sources of supply. The essential military needs for extra-long-staple cotton were in the form of cordage and webbing, shoelaces, sewing thread, and fine-count military fibers, all of

which, at that time, could not be made of other available fibers.

Since the stockpile was established, two significant changes have arisen. First, the domestic producing industry has become firmly established. As a consequence, the United States possesses a strong domestic production capability which could be substantially expanded to meet increased needs in the event of hostilities. Second, the development of new fibers and fabrics provided a number of substitute materials, which could meet many of the needs previously supplied exclusively by extra long staple cotton.

Therefore, on March 13, 1957, the Director of the Office of Defense Mobilization, predecessor agency to the Office of Emergency Planning, determined that there was no longer a need to stockpile extra long staple cotton for national security purposes. Later that year, Public Law 85-96 was passed authorizing sale of 50,000 bales from the stockpile. In August 1957, the General Services Administration published in the Federal Register and submitted to the Congress a disposal plan for the remaining 219,000 bales. That plan has not been acted upon by either the House or the Senate Committees on Armed Services. This proposed legislation would accomplish the disposal of these remaining bales of extra long staple cotton and so would supplant that pending disposal plan.

In March 1961, President Kennedy urged that surplus Government-owned materials be used in connection with the revised foreign aid program. In endeavoring to utilize the unneeded extra long staple cotton removed from the stockpile by Public Law 85-96 for this program, it became apparent that a number of laws made such use difficult, if not undesirable. Accordingly, over a period of several months, staffs from the executive and legislative branches of the Government worked with representatives of the industry in developing a comprehensive disposal program which could overcome the several obstacles while protecting the public interest. The use of Public Law 480 and the provisions relating to annual marketing quotas are two important provisions of this disposal program. When in December it was apparent that an effective disposal program could be agreed upon, the Director of the Office of Emergency Planning authorized the development of the disposal plan. H.R. 10595 is based upon these joint efforts and is consistent with the general disposal plan on which all parties have been working.

The 219,000 bales of extra long staple cotton to be covered by this legislation represent substantial continuing costs to the Government. For example: Present annual storage costs alone total about \$554,000. In the past 5 years, it has cost about \$2,770,000 to store this cotton. These costs do not include the cost for the 50,000 bales of cotton which was authorized to be sold under Public Law 85-96.

THE PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

THE J. EDGAR HOOVER MEDAL AWARD TO CALIFORNIAN

Mr. KUCHEL. Mr. President, J. Edgar Hoover, Director of the FBI for the last 38 years, in speaking of the law-enforcement profession, has said:

Law enforcement is a career service. Each officer should dedicate his life to the service and protection of others. A successful police officer must put aside his personal opin-

ions in the line of duty, renounce pursuit of wealth, and seek only the highest good for the organization he represents so that the community may live in peace and security. The badge of a law-enforcement officer is a sacred trust which must be guarded with his whole mind and his whole body, for it is his to hold only while he lives a life beyond all reproach and censure.

Guided by this fundamental belief in the need for dignity and higher standards in his chosen profession, Mr. Hoover, in July 1935, established the FBI National Academy, which has trained over 4,100 police officers throughout the Nation and in several foreign countries in the latest methods and trends in crime detection and investigative procedure.

This highly specialized training has qualified many of these men for top-level administrative positions in their own departments, or for service as instructors to further spread throughout law enforcement their hard-earned knowledge.

The FBI National Academy today stands as a tribute to J. Edgar Hoover, the men and women of the FBI, and to the entire law enforcement profession; for this Academy has been most instrumental in forging the finest cooperative law-enforcement network in the world. It has built this strong network of local, county, State, and Federal agencies through intangible ties of mutual respect and appreciation for the place each holds in the American way of life and the desire to strengthen that way of life by constantly keeping the full resources of each ready to assist the other. Each needs the other. Each has something different and valuable to offer.

Throughout the State of California, there are many highly skilled police officers who have been graduated from the FBI National Academy and California is proud of each and everyone of them. Particularly, however, are we proud of our most recent graduate of the 69th session of the FBI National Academy. I am speaking of Lt. William Nethercott Stahr, of the Berkeley, Calif., Police Department, who received his diploma at ceremonies here in Washington on June 6 of this year. Lieutenant Stahr is 43 years of age and has been a member of the Berkeley Police Department since January 1941. As a lieutenant in that police department, he serves as the administrative assistant to his chief of police. Lieutenant Stahr is a 1940 graduate of the University of California at Berkeley, from which he received a bachelor of science degree. Lieutenant Stahr is a career law-enforcement officer, devoted to his wife and three children.

California's extreme pride in Lieutenant Stahr stems from the outstanding record he compiled during his attendance at the FBI National Academy. From 80 of the top law enforcement officers of this country and the Philippines, Lieutenant Stahr emerged the leader. He earned the respect of his class members and his instructors through his conscientious devotion to his profession and his quick and ready comprehension of the difficult assignments given to him. As a result of his efforts, Lieutenant Stahr was chosen to receive the "John Edgar Hoover Medal

for Excellence in the Study of Law Enforcement." This medal was presented to Lieutenant Stahr by the FBI Director in special ceremonies in his office the day prior to Lieutenant Stahr's graduation.

For their outstanding service to law enforcement and to their country, California salutes the FBI National Academy and Lt. William Nethercott Stahr of the Berkeley, Calif., Police Department.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

Mr. BUSH. Mr. President, I wish to modify my amendments as follows:

On page 6, line 16, strike out "for a period not less than twelve months in duration,".

On page 18, between lines 5 and 6, insert the following:

EFFECTIVE DATE OF HEALTH PROTECTION BENEFITS

Section 208 health insurance protection supplement provided under title XVII of the Social Security Act or under section 21 of the Railroad Retirement Act of 1937 shall be payable only with respect to months after June, 1963.

On page 18, after the matter describing the contents of section 207 of the bill, add the following:

Section 208. Effective date of health protection benefits.

Mr. President, I deplore the procedure and circumstances under which the Senate is considering one of the gravest social issues of our times, the problem of financing adequate health care for our senior citizens.

I deplore the procedure because it bypasses the House Committee on Ways and Means and the Senate Committee on Finance, the two committees in the respective Houses of Congress which are responsible for considering such proposed legislation.

Without the benefit of careful committee consideration and of an analytical committee report, the Senate is considering one of the most technical and intricate pieces of proposed legislation to come before Congress. This is no way for a responsible legislative body to proceed.

I deplore the circumstances because this question has been brought before the Senate not with the intention that Congress will enact at this session meaningful legislation which will provide needed help for the aged, but with the intention of creating a political issue for the fall elections. I doubt that there is any Senator who believes in his heart that if amendments dealing with health care for the aged are adopted by the Senate as a rider to the pending bill, H.R. 10606, such amendments have a ghost of a chance of being adopted in the other body.

This is too serious a problem and too important in terms of the welfare of elderly people to be made a political

football, but that, I believe, is what has been done by the deliberate choice of the leadership of the Democratic Party.

Nevertheless, and because it faces us, I believe this proposal offers us an opportunity for a discussion of the various proposals which have been made, under which the Federal Government could assist elderly people to meet the costs imposed by illness.

It seems to me that a question of need is involved, and I believe there is a need for Federal action in this field which extends beyond the Kerr-Mills legislation, which I supported and which was enacted in the last Congress. The social security system provides an acceptable method of financing such a Federal program. Let me outline the reasoning behind this conclusion.

Men who are now 65 years of age can expect to live into the seventies. Women who are now 65 years of age can expect to live into the eighties.

The financial problems of the elderly are difficult. Half of the people over 65 years of age have incomes of less than \$1,000 a year. Three-fourths of them have incomes of less than \$2,000 a year. Eighty-seven percent have incomes of less than \$3,000. Sixty percent have total assets of less than \$10,000. Forty percent have assets below \$5,000.

Medical costs for the elderly are higher than for the rest of the population, and the elderly are poorly protected against them. Almost half of those who are 65 years of age and over have no prepaid health insurance. Of those who have some form of insurance, one-fifth have less than 75 percent of their hospital bills covered. These may be dull statistics, but they explain why the greatest fear of the elderly is that they will be stricken with catastrophic illness, requiring expensive medical and surgical treatment and long periods in a hospital or nursing home. It is clear that a serious social problem confronts society, one for which a solution must be found.

In my judgment, legislation in this field will not be enacted this year. However, this debate may lay the foundation for the enactment of legislation by a future Congress which will provide a sound method of meeting the serious problem of financing health care for the aged.

For this reason, I have called up my amendments in the nature of a substitute for the amendments proposed by the distinguished junior Senator from New Mexico [Mr. ANDERSON], the distinguished senior Senator from New York [Mr. JAVITS], and other Senators. My amendments provide that persons 65 years of age or over who are eligible to receive either social security or railroad retirement benefits may receive a monthly insurance supplement of up to \$9 for the purchase of voluntary health insurance. The receipt of such supplementary payments would require a certification of the purchase of such insurance, and the insurance would be financed by an increase in the social security and the railroad retirement tax.

The benefits would be provided under any kind of insurance policy the insured

desire to purchase, provided the policy was guaranteed renewable and non-cancelable and is offered by a carrier which is under the jurisdiction of a State regulatory body.

In other words, a member of the social security system who would be eligible for the additional coverage might purchase any kind of policy he chose for health care in an open, free, and competitive market.

In several respects, the Anderson-Javits proposal is an improvement over the plan offered by the Kennedy administration—the so-called King-Anderson bill. I commend those Senators for their accomplishment in producing this compromise. However, I cannot support the Anderson-Javits proposal because it contains some of the fatal defects of the administration bill, which it replaces. Among the defects are, first, that benefits are to be provided in services instead of dollars. There are no reliable and accurate estimates of future costs. Costs have been estimated by the administration at an annual rate of \$1,200 million. Competent insurance actuaries have estimated the costs to be \$2,500 million. A reliable estimate made by the New York Board of Trade is that the costs might be as high as \$4 billion or more. Using statistics from the National Health Survey of 1957 and 1958, the New York Board of Trade concluded that if H.R. 4022, the King-Anderson bill, had been in effect in 1960, the hospital costs would have been \$4,300 million, roughly four times the estimate of the Department of Health, Education, and Welfare; and other estimates support this conclusion.

Moreover, eligible beneficiaries would be given no freedom of choice under the pending measure. Under the revised Anderson-Javits proposal, there would be no freedom of choice. The Anderson-Javits proposal is limited essentially to hospital and nursing home care. Such care represents less than 25 percent of all medical costs which confront elderly people. My authority for this information is a statement made by Representative THOMAS CURTIS of Missouri, which appears in the CONGRESSIONAL RECORD of March 6, 1962.

My proposal avoids these defects. My proposal is a fiscally responsible pay-as-you-go plan, with benefits paid in dollars, in amounts not exceeding the funds raised by an increase in the social security tax. Each beneficiary will have complete freedom to choose the kind of health insurance protection best suited to his individual needs, from the wide range of plans now offered by the Blue Cross, the Blue Shield, the mutual insurance companies, the commercial insurance companies, or plans underwritten by employee organizations. The Federal Government would pay up to \$9 a month, or \$108 a year, to help meet the cost of such protection. That money would be used to buy, in the free competitive market, insurance policies available from insurance associations and insurance companies, under competent State direction.

In recent years, there has been a major breakthrough in solving the problem of providing health insurance pro-

tection for the aged. One of the more outstanding programs in this field has been provided by Connecticut 65 extended health insurance, which now protects approximately 26,000 persons aged 65 or over in my State. It makes major medical insurance available, without physical examination, to individual elderly residents of the State, and is underwritten by 32 insurance companies authorized to write insurance in the State of Connecticut.

Mr. President, at this time I wish to refer, for the RECORD, to certain options and basic benefits available under the Connecticut 65 plan. For instance, an applicant has a choice of four optional plans.

Option 1 costs \$10 a month, and provides a lifetime major medical benefit of \$10,000, of which not more than \$5,000 may be used in a single year.

Option 2 costs \$7.50 a month, and provides a lifetime benefit limit of \$5,000, with a \$2,500 limit in a single year.

Option 3 costs \$17 a month, and provides a \$10,000 major medical benefit, plus a plan of basic hospital and surgical benefits.

And option 4 costs \$14.50 a month, and provides the \$5,000 major medical benefit, plus a plan of basic hospital and surgical benefits.

The basic hospital and surgical benefits of options 3 and 4 are designed to complement the major medical benefits, and will be available only to those who do not have other basic benefits. The basic hospital and surgical benefits of options 3 and 4 will pay hospital room and board charges up to \$12 a day, for a maximum of 31 days in each calendar year, and other hospital charges up to \$125 per calendar year, and surgical charges up to the maximum under a schedule of surgical procedures, with a maximum benefit of \$360 in any one year.

So, Mr. President, from my brief outline of these optional plans, it can be seen that quite a variety of insurance is available today, and also insurance policies can be bought in the open market, for the aged, without physical examination; and they do provide coverage for surgical expenses and doctors' fees.

I may say I have discussed this plan with various doctors. Of course, there have not been any hearings on this amendment; and this is one of the things about this procedure that I do not like at all. But doctors who have been violently opposed to the so-called King-Anderson approach are not opposed to this amendment, because the members of the social security system would be given cash with which to buy this insurance; and the medical profession is one which has promoted and benefited substantially by the development of insurance organizations, such as the Blue Cross, the Blue Shield, and so forth.

So I do not believe we run into any conflict here with the medical profession, although of course its members should have a chance to be heard.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD, in connection with my remarks, a description of the Connecticut 65 plan.

Public Law 87-548
87th Congress, H. R. 10595
July 25, 1962



An Act

76 STAT. 218.

To facilitate the sale and disposal of Government stocks of extra long staple cotton.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, all extra long staple cotton remaining in the stockpile established pursuant to the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98), shall be withdrawn and transferred or made available to the Commodity Credit Corporation for disposition as provided herein. The domestically grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation and shall be sold only for unrestricted use at not less than the prices at which the Commodity Credit Corporation may sell its stocks under the minimum pricing provisions of section 407 of the Agricultural Act of 1949, as amended. Such domestically grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, until after it is sold by Commodity Credit Corporation. The foreign-grown cotton in the stockpile shall be transferred to the Commodity Credit Corporation. Any foreign-grown cotton transferred hereunder to the Commodity Credit Corporation shall be sold or disposed of only for export at not less than the world market price, as determined by the Secretary of Agriculture. In administering sales or disposals of the foreign-grown cotton, the Secretary of Agriculture shall periodically determine and announce quotas for disposals by commercial sales and for disposals through the Agricultural Trade Development and Assistance Act of 1954, as amended. Such foreign-grown cotton shall be excluded in making any determination with respect to national marketing quotas under the Agricultural Adjustment Act of 1938, as amended, and shall be considered as domestically grown surplus cotton for purposes of sale or disposal under the provisions of the Agricultural Trade Development and Assistance Act of 1954, as amended, and shall be eligible for sale or disposal thereunder in accordance with the provisions of this Act.

Proceeds from such sales and dispositions, less costs incurred by Commodity Credit Corporation, including administrative expense, as determined by the Secretary of Agriculture, shall be covered into the Treasury of the United States as miscellaneous receipts.

Approved July 25, 1962.

Cotton.
Government stocks,
sale and disposal.
60 Stat. 596.

63 Stat. 1055;
72 Stat. 993.
7 USC 1427.
52 Stat. 31.
7 USC 1281.

68 Stat. 454.
7 USC 1691
note.

